UNITED
NATIONS

A S

General Assembly
Security Council

Distr.
GENERAL

A/51/208
S/1996/543
12 July 1996
ENGLISH
ORIGINAL: ENGLISH AND FRENCH

GENERAL ASSEMBLY
Fifty-first session
Items 21, 33, 34, 35, 44, 45, 46, 48, 50, 56, 60, 66, 71, 96, 97, 98, 99, 101, 103, 104, 105, 113, 115, 116, 118 and 154 of the preliminary list*
STRENGTHENING OF THE COORDINATION OF HUMANITARIAN AND DISASTER RELIEF ASSISTANCE OF THE UNITED NATIONS, INCLUDING SPECIAL ECONOMIC ASSISTANCE
THE SITUATION IN THE MIDDLE EAST
ASSISTANCE IN MINE CLEARANCE
QUESTION OF PALESTINE
IMPLEMENTATION OF THE UNITED NATIONS NEW AGENDA FOR THE DEVELOPMENT OF AFRICA IN THE 1990S
IMPLEMENTATION OF THE OUTCOME OF THE WORLD SUMMIT FOR SOCIAL DEVELOPMENT
RESTRUCTURING AND REVITALIZATION OF THE UNITED NATIONS IN THE ECONOMIC, SOCIAL AND RELATED FIELDS
STRENGTHENING OF THE UNITED NATIONS SYSTEM
REPORT OF THE INTERNATIONAL TRIBUNAL FOR THE PROSECUTION OF PERSONS RESPONSIBLE FOR SERIOUS VIOLATIONS OF INTERNATIONAL HUMANITARIAN LAW COMMITTED IN THE TERRITORY OF THE FORMER YUGOSLAVIA SINCE 1991

SECURITY COUNCIL
Fifty-first year

---

* A/51/50.

96-17384 (E) 020896 050896

/...

THE SITUATION IN BOSNIA AND
HERZEGOVINA
PROHIBITION OF THE DEVELOPMENT
AND MANUFACTURE OF NEW TYPES
OF WEAPONS OF MASS DESTRUCTION
AND NEW SYSTEMS OF SUCH WEAPONS:
REPORT OF THE CONFERENCE ON
DISARMAMENT
IMPLEMENTATION OF THE COMPREHENSIVE
NUCLEAR-TEST-BAN TREATY
GENERAL AND COMPLETE DISARMAMENT
MACROECONOMIC POLICY QUESTIONS
SUSTAINABLE DEVELOPMENT AND
INTERNATIONAL ECONOMIC COOPERATION
ENVIRONMENT AND SUSTAINABLE DEVELOPMENT
OPERATIONAL ACTIVITIES FOR DEVELOPMENT
AGENDA FOR DEVELOPMENT
SOCIAL DEVELOPMENT, INCLUDING QUESTIONS
RELATING TO THE WORLD SOCIAL SITUATION
AND TO YOUTH, AGEING, DISABLED PERSONS
AND THE FAMILY
CRIME PREVENTION AND CRIMINAL JUSTICE
INTERNATIONAL DRUG CONTROL
HUMAN RIGHTS QUESTIONS
REVIEW OF THE EFFICIENCY OF THE
ADMINISTRATIVE AND FINANCIAL
FUNCTIONING OF THE UNITED NATIONS
PROGRAMME BUDGET FOR THE BIENNIUM
1994-1995
IMPROVING THE FINANCIAL SITUATION OF
THE UNITED NATIONS
MEASURES TO ELIMINATE INTERNATIONAL
TERRORISM

Letter dated 5 July 1996 from the Permanent Representative of France to the United Nations addressed to the Secretary-General

I have the honour to transmit herewith the final documents, in French and English, of the G-7 Summit held at Lyon from 27 to 29 June 1996. They consist of the Chairman's statement, the economic communiqué, the finance ministers' report on international monetary stability, decisions concerning Bosnia and Herzegovina and the Declaration on Terrorism.

I should be grateful if you could arrange to have the text of the present letter and its annexes circulated as a document of the General Assembly under items 21, 33, 34, 35, 44, 45, 46, 48, 50, 56, 60, 66, 71, 96, 97, 98, 99, 101, 103, 104, 105, 113, 115, 116, 118 and 154 of the preliminary list, and of the Security Council.

(Signed) Alain DEJAMMET

Annex I

LYON SUMMIT

CHAIRMAN'S STATEMENT

Lyon, 29 June 1996

TOWARD GREATER SECURITY AND STABILITY IN A MORE COOPERATIVE WORLD

We, the Participants in the Lyon Summit, discussed the opportunities and challenges facing us as we near the 21st century. We agreed that we now have tremendous opportunities to make the most of this historic moment to achieve security and stability around the globe, although we still need to cope with the many challenges which require a wide range of international cooperation at both regional and global levels. We discussed how we could build a better international system to secure security and stability. We recognized that we must first work to reduce tensions and resolve conflicts. We also concurred that enduring security and stability is possible only when it is founded on the basic requirements of respect for human rights, establishment of democratic institutions and individual citizen's security, and realization of sustainable development and economic prosperity. In an increasingly inter-dependent and inter-active world with rapid globalization in progress, we renewed our determination to work together amongst us and in partnership with leaders of other countries to make the most of the opportunities and to meet the challenges.

I. Global issues

Major issues need to be treated at a global level. All countries are liable to benefit from more security provided by a strengthened United Nations Organization and by progress made in the field of non-proliferation, arms control and disarmament as well as by an efficient struggle against terrorism and transnational organized crime. All countries benefit from the enhancement of democracy and fundamental freedoms throughout the world. Protection of environment, nuclear safety and new types of epidemics are common challenges that must be properly handled. All countries are interested in seizing the opportunities provided by the information technologies. In this regard, we are committed to cooperate actively among ourselves and with other partners to deal with these global issues in a spirit of efficacy and solidarity.

1 United Nations

We reaffirm our commitment to the Charter of the United Nations (UN). As many Heads of State and Government noted in the special commemorative meeting of the UN General Assembly on the occasion of the 50th anniversary of the entry into force of the Charter, the UN is called upon to play an increasing role as the 21st century approaches. We continue to regard the United Nations as the cornerstone of an international system whose success or failure is increasingly significant for human security, including development within countries and partnership among countries. We are committed to achieving early and practical results in the renewal of the UN so that, for both individuals and countries, it can more readily and effectively respond to the demands placed on it, and more clearly demonstrate its importance to the search for solutions to our globally shared problems.

In order to enable the United Nations to fully meet its challenges, we are convinced of the need to make progress towards revitalizing, strengthening and reforming the UN system. We undertake to intensify our role in the work of the high level and working groups set up by the General Assembly for this purpose in order to help ensure the balanced, timely and effective outcome of their efforts. We will work with other Members throughout the UN system to accomplish this goal.

Conscious of the risks that the present financial crisis poses to the United Nations' ability to function, we are

resolved to promote in parallel and as soon as possible a long-term solution based on the adoption of a more equitable scale of contributions, on scrupulous respect by Member States for their financial obligations, and on the payment of arrears.

The United Nations is and must remain the body primarily responsible for international peace and security in accordance with the mission assigned to it in the Organization's Charter. It is important to develop its ability to act more quickly and effectively to address threats to international peace and security. It is essential, also, that Member States shoulder in full the responsibilities incumbent on them within the UN framework.

We emphasize the importance of promoting conditions conducive to peace as the surest means to prevent conflict. We support development of more flexible instruments for peace, including mediation by elder statesmen and United Nations representatives. We are encouraged by the notable successes of current peacekeeping missions in Haiti (UNMIH) and Bosnia (IFOR). We note the central responsibility that the parties themselves bear for the ending of conflict and the re-establishment of peace and stability. We favour strengthening the United Nations' capacity for rapid deployment by further developing the stand-by arrangements initiative and the rapidly deployable headquarters team, as well as other efforts to enhance the Secretariat's ability to deploy new peacekeeping operations quickly and manage existing ones effectively. We applaud the efforts of the international community to assist countries devastated by conflict as they rebuild their societies : these measures are making a decisive contribution to the establishment of lasting peace. We welcome the contribution made, in accordance with the UN Charter, by regional organizations and arrangements to international stability, and the development of their cooperation with the United Nations.

2. Human rights, democratic processes and humanitarian emergencies

We restate our firm commitment to the universality of all human rights and fundamental freedoms, the promotion and protection of which are a legitimate concern of the international community. We condemn all forms of discrimination and intolerance, including aggressive nationalism and the mistreatment of persons belonging to minorities.

With that in mind, we commit ourselves to ensuring that this understanding continues to guide our policies. We also reaffirm our support for the High Commissioner for Human Rights as coordinator of human rights within the United Nations system and commend his contribution in the fields of early warning, conflict prevention and peacebuilding. We will take care to ensure that women as well as men benefit fully and equally from the recognition of human right and fundamental freedoms, which were reiterated on the occasion of the Beijing Conference, and that the rights of children be respected.

We support fully the efforts of the International Tribunals aimed at the prosecution and trial of persons indicted for serious violations of human rights in the Former Yugoslavia and in Rwanda and commit ourselves to making available to the Tribunals adequate resources for the fulfillment of their mandates. At the same time, we deeply deplore any non-cooperation with the Tribunals, in particular the failure to arrest and surrender indicted persons, and we urge all parties to fulfill their commitment to cooperate.

All over the world, we actively support the process of democratization, which is an essential guarantee of respect for human rights. We will provide assistance in the organization of free and impartial elections and in strengthening democratic institutions and standards. International assistance, including from Non-Governmental Organizations, for democratic development should also contribute to the strengthening of free media, support for the rule of law, accountable public institutions (including police training) and a broader civil society.

Humanitarian emergencies, which are frequently the outcome of political crises, are a matter of special concern to us. We commend in particular work of the ICRC, UN HCR, WFP, UNICEF and others in this field. We are firmly determined to continue to provide assistance to populations in need, and we call for the coordination and rationalization of efforts in order to provide assistance more effectively.

3. Non-proliferation, arms control and disarmament

We affirm our undertaking to conclude a Comprehensive Test Ban Treaty (CTBT) so as to enable its signature by the outset of the 51st session of the General Assembly of the United Nations, this coming September. We call upon all the members of the Conference on Disarmament to agree that the CTBT must prohibit any nuclear weapon test explosion or any other nuclear explosion. Pending the entry into force of the CTBT, the Nuclear Weapon States should exercise utmost restraint.

Such a treaty, in our view, will be a major step in the accomplishment of a priority goal for the international community in the field of disarmament and non-proliferation and the implementation of the obligations contained in Article VI of the Non-Proliferation Treaty (NPT). We reaffirm our commitment to the objectives set out in the document on Principles and Objectives for Nuclear Non-Proliferation and Disarmament adopted on 11 May 1995 at the conclusion of the NPT Review and Extension Conference. We are determined to contribute to the effectiveness of the strengthened NPT review process before the next Review Conference in 2000, the first preparatory committee for which will meet in 1997.

In the same spirit, we take note of the signature by the Southeast Asian States in December 1995, in Bangkok, of the Treaty establishing a nuclear weapon free zone in Southeast Asia, and welcome the signature by China, France, Russia, the United Kingdom and the United States of the protocols to the Treaty of Rarotonga establishing a nuclear weapon free zone in the South-Pacific as well as the signature on April 11, by Member States of the Organization fo African Unity, of the Treaty of Pelindaba establishing a nuclear weapon free zone in Africa, and of its relevant Protocols by the United States, France, the United Kingdom and China. The establishment of these new nuclear weapon free zones and the cooperation of Nuclear Weapon States in supporting the relevant protocols helps realize the objective of creating additional such zones by the NPT Review Conference in 2000.

We further underline the importance that we attach to the early start of negotiations, based on the agreed mandate within the Conference on Disarmament, on a treaty to ban the production of fissile material for nuclear weapons or other explosive devices. We look forward to the early entry into force of the START II Treaty. We regard the ABM Treaty as a cornerstone of strategic stability.

We reiterate the importance we attach to the entry into force of the Convention on Chemical Weapons. We will continue to work hard to implement the Convention on Prohibition of Biological and Toxin Weapons, including the establishment of an effective verification mechanism. We also expect the early entry into force of the Treaty on Open Skies, which represents an unprecedented confidence-building measure from Vancouver to Vladivostok.

We are increasingly concerned with the proliferation of conventional weapons and the thousands of resulting deaths and injuries, especially to civilians and particularly children. We welcome the outcome of the Review Conference on the 1980 Conventional Weapons Convention. We are pleased that this first Review Conference reached consensus on a new laser weapons protocol as well as a strengthened protocol on mines, booby-traps and other devices. We call upon all States to spare no effort in securing a global ban on the scourge represented by the proliferation and the indiscriminate use of anti-personnel landmines and welcome the moratoria and bans already adopted by a number of countries on the production, use and export of these weapons, unilateral reductions in stockpiles as well as initiative to address this urgent problem.

We assert the importance of reinforcing international support for landmine detection and removal efforts and for assistance to victims.

We again call upon all countries to support the continuing operation of the United Nations Register of Conventional Arms which represents an important mechanism for promoting transparency and building confidence among countries, at a global and regional level, and note that Article 26 of the UN Charter calls for "the least diversion for armaments of the world's human and economic resources". Regional organizations can help promote transparency

and confidence-building measures that reduce excessive stockpiling of conventional weapons. We welcome with satisfaction the arrangement launched at Wassenaar in December 1995 to promote transparency and greater responsibility in transfers of conventional arms and dual-use goods and technologies and will cooperate on its prompt and full implementation. We welcome the results of the first Review Conference of the Treaty on Conventional armed Forces in Europe (CFE). The States Parties on that occasion renewed their commitment to ensure the integrity of the treaty and to fulfill all of its obligations. They committed themselves to launch a process of adaptation of the treaty in order to preserve its viability in the future. We salute the cooperative resolution of the CFE flank issue.

4. Nuclear safety and securtty

We welcome with satisfaction the substantial progress made in the field of nuclear safety and security at the Moscow Summit in April of this year.

We have taken an important step toward enhancing international cooperation so that the use of nuclear energy is conducted all over the world consistently with fundamental principles of nuclear safety. We reaffirm our commitment, made in Moscow, to the highest internationally recognized nuclear safety level. In this regard, we underline that nuclear safety has to prevail over all other considerations. We reaffirm our commitment to all the principles laid down in the Convention on Nuclear Safety and we urge all countries to ratify this Convention, as soon as possible, and to participate in the peer review mechanisms. We stress the necessity of further progress in the establishment of relevant domestic legislation and in the enhancement of the international regime of nuclear liability as well as in the preparation of an international convention on the safety of radioactive waste management. We remain committed to assisting countries in transition in developing efficient and fully safety-oriented energy policies.

We welcome the adoption of the program for preventing and combating illicit trafficking in nuclear materials, and strongly urge other States to associate themselves with this plan following the example of Ukraine. We reaffirm the need to strengthen measures to ensure nuclear material accounting, control and physical protection. We also acknowledge the need to identify appropriate strategies for the management of fissile material no longer required for defense purposes. The latter will be discussed on the occasion of a meeting of experts which will take place in Paris in October this year. We support the efforts of the Nuclear Weapon States to ensure that sensitive nuclear material (separated plutonium and highly enriched uranium) designated as not intended for use for meeting defense requirements be placed under IAEA safeguards.

In order to ensure rapid and efficient follow-up of the decisions regarding non-proliferation issues adopted at the Moscow Summit, we have taken the following initiatives :

. on our behalf, France will undertake demarches in order to encourage more countries to adopt the "Programme for preventing and combatting illicit trafficking in nuclear material" ;

. a meeting dedicated to the implementation of this Programme, with the participation of agencies and ministries involved in the prevention and fight against illicit trafficking will be held as soon as possible.

We call upon all States to contribute to the efficient and effective implementation of measures for the strengthened safeguards system proposed by the " Program 93+2 " for which a model protocol is being further elaborated by the open-ended committee of the AIEA-Board of Governors. This program is making an essential contribution to tighter regulation of nuclear non-proliferation. This program will help avoid a repeat of any situation where a country under full-scope safeguards could carry out undeclared nuclear activities.

5. Environment

Protecting the environment is crucial in promoting sustainable development. In view of the threats such as global

warming, desertification, deforestation, depleting resources and threatened species, and unsustainable urban development, we place top priority on integrating environmental protection more completely into all of our policies. We are exploring the possibility of supplementing our national income accounts to better measure resources, such as forests, minerals and fish, and the economic value of air, water and soil quality. We welcome the great potential of the environment protection industry which can have positive effects on long term economic growth and employment.

1997 will be a pivotal year for the environment. We renew our commitment to all agreements reached at Rio, and pledge to work for a successful outcome of the 1997 special session of the United Nations General Assembly which would lead to their better implementation. We commit ourselves to strong action and anticipate in 1997:

-a successful outcome of the Conference of the Parties to the Climate Change Convention;

-agreement on actions to promote sustainable management of forests, including appropriate implementing arrangements or instruments;

-the negotiation of a global, legally binding instrument on particular persistent organic pollutants (POPs);

-the speedy implementation of the Convention on Biological Diversity and the Convention on Desertification.

It is important to ensure adherence to environmental agreements. International crime in areas such as illegal trade in CFCs, endangered species and hazardous waste is of particular concern. We will assess compliance with international environmental agreements and consider options for enhancing compliance.

We want to see greater effectiveness on the part of the international institutions responsible for the environment and sustainable development. In particular, we want to see the political role of the Commission on Sustainable Development (CSD) confirmed among UN institutions: the CSD should serve as a high-level political forum, working with the UN's economic agencies and the Bretton Woods financial institutions, invested with the task of promoting the implementation of Agenda 21 at the global, regional and national level, of identifying emerging issues and gaps in it, and ensuring a common understanding of the concept of sustainable development.

We need a more precise distribution of roles between the CSD and UNEP. UNEP should be clearly confirmed in its catalytic role as the environment voice of the UN, responsible for environmental policy development and scientific analysis and monitoring assessment. We support present efforts to restructure UNEP and its governing bodies.

People should be the focus of our policies. Human health is sometimes being jeopardized by the deterioration of the environment. Where there are threats of serious or irreversible damage, we endorse measures based on sound science and the precautionary principle.

6. The information society

We welcome the Chair's conclusion of the Information Society and Development Conference in Midrand (South Africa) which represents an important step to ensuring that all countries benefit from technological change.

Information and communication technologies and services offer a significant contribution towards the promotion of sustainable development in all countries. They have important potential to meet basic human needs, develop human resources, promote economic growth, encourage participatory democracy and a free media. They should promote cultural and linguistic diversity, as well as dynamic competition.

We look forward to a rapid conclusion to the negotiations being conducted in the relevant multilateral fora. We encourage full cooperation among countries, existing international and non-governmental organizations for the

promotion of projects demonstrating their use of information and communication technology. We are committed to fostering partnership between the public and the private actor.

We call for a cooperative approach which will promote universal access to such technologies. We stress the importance of an adequate protection of intellectual property rights. We are prepared to reflect on ethical and criminal issues raised by worldwide communication networks. We will support public and private efforts to increase the use of information and communication technologies for development and encourage international organizations to assess the appropriate role which they can play.

7. The "human frontier science program"

We applaud the results of the "Human Frontier Science Program" since its launch in Venice in 1987, and we await with interest the outcome of the intergovernmental Conference on further progress on this subject in Autumn 1996.

8. Infectous diseases

Infectious diseases such as HIV/AIDS, malaria, cholera, ebola, and antibiotic resistant strains of tuberculosis and pneumonia pose an unacceptable threat to people of all nations, disproportionately affecting the populations of the poorest nations. We endorse the creation and implementation of mechanisms to aid in the prevention, detection, surveillance and response to the emergence and re-emergence of communicable diseases. We reiterate our call for the extension of all forms of cooperation in the realms of research, prevention, accessible and affordable health care services and diagnostics in the treatment and control of these diseases.

We draw attention to the measures already undertaken in each of our countries to encourage the scientific community in its search for remedies to these diseases. We pledge to pursue this effort at the national level, while at the same time promoting international cooperation among research teams in this field.

Moreover, we will continue to extend various kinds of assistance programs, in particular for the benefit of the countries hardest hit by HIV/AIDS and other infectious diseases . We also encourage cooperation among those of us who jointly conduct cooperative projects with Africa, Southeast Asia, Latin America and the Caribbean by transferring our expertise in regard to surveillance, prevention, research, diagnosis, and treatment of these diseases. We will continue to work to ensure the availability of safe and effective treatments for these all-too-often fatal diseases.

We strongly support the efforts of the World Health Organization (WHO) to combat emerging and re-emerging infectious diseases, as well as the joint United-Nations Program on AIDS (UNAIDS) to coordinate international efforts to stem the global HIV/AIDS epidemic.

9. Drugs

Drugs represent a serious threat for our younger generations' future, our citizens' health and the integrity of our societies. We are determined to intensify our efforts in order to fight against any kind of drug trafficking and all forms of criminality in connection with it, including money laundering. We therefore urge all States to fully comply with their obligations under international conventions dealing with drugs abuse and illicit traffic in psychotropic substances, and are ready to strengthen our cooperation with all countries involved in this fight against drugs. We fully support the efforts exerted by the United Nations and we expect from the special session of the General Assembly dealing with this problem that it should help us to give more coherence and efficiency to the whole set of actions aiming at freeing the world from this scourge.

10. Transnational organized crime

In Halifax we asked an experts group to review how to counter the rapid development of transnational organized

crime, which is one of our main concerns. While not entirely new, this phenomenon threatens the nations, industrialized and developing countries.

Therefore we commit ourselves to :

- Mobilize our full resources and influence to combat this danger.

- Support and enhance existing institutions that deal with transnational organized crime, including the United Nations, Interpol, and World Customs Organization.

- Encourage all States to adhere to and fully implement existing conventions, treaties and arrangements dealing with transnational organized crime.

- Resist the enormous threat posed by narcotic traffickers, by implementing the UN conventions against drugs, and intensifying efforts to put traffickers behind bars and prevent them from laundering their money.

- Share information and expertise to detect, investigate and prosecute criminals.

- Increase operational cooperation among relevant agencies.

- Deny the use of our territories to transnational organized crime.

- Take all possible steps, particularly extradition, to bring fugitives to justice.

- Provide the broadest possible mutual legal assistance.

- Deprive criminals of their illicit profits by adopting appropriate legislation and implementing recommendations of the Financial Action Task Force (FATF).

- Adopt the necessary legislative and regulatory measures to combat corruption.

Consequently, with a view to achieving these goals :

We welcome the work of the Senior Experts Group on Transnational Organized Crime.

We endorse the 40 recommendations they have prepared.

We commend these recommendations to all States.

We ask the Senior Experts Group to ensure the active follow-up of the implementation of these recommendations and to report on their progress and developments in this field to the next Summit.

***

II. Regional situations

1. We note with satisfaction the important contributions to peace, stability and prosperity which regional and inter-regional organizations and fora have made in all the regions of the world and firmly encourage them to pursue their task while respecting the integrity and the sovereignty of their Member States. We will continue supporting all efforts of these organizations and all inter-regional initiatives aimed at developing and reinforcing cooperation between the different regions of the world in the areas of political, economic and cultural matters.

In this connection, we take note of the OSCE's work on a common security model for further consideration at the Lisbon Summit and of continuing efforts to resolve peacefully disputes within the CIS. We welcome the intensification of intra-regional cooperation, particularly in Europe between the European Union and the States of Central and Eastern Europe, in the Americas within the Organization of American States and in the Asia-Pacific region through the move toward enlargement of ASEAN and within the ASEAN Regional Forum. We also commend recent initiatives aimed at renewing the transatlantic relationship between the EU and North America and at developing relations between EU and Russia, as well as the first Asian-European Meeting (ASEM) held in Bangkok this year. We welcome the development of the new partnership between EU and Mediterranean countries in the political, economic and human dimension fields.

2. We actively support the process of economic and political transition under way for over five years in Central and Eastern Europe. We welcome the progress accomplished by these countries toward the establishment of the rule of law and the establishment of a market economy. We welcome the prospect of enlargement of the EU to Central European countries and the Baltic States and encourage these and other States to take full advantage of the possibilities of integration offered to them. We support the efforts to develop good neighborly relations and we encourage the different initiatives that support stability in Southeastern Europe.

3. We welcome the enormous achievements attained in the Middle East peace process over the past several years. These include landmark agreements between Israel and the Palestinians, a peace treaty between Jordan and Israel, serious negotiations between Israel and Syria, and greater ties between Israel and her Arab neighbors. We also welcome increased economic cooperation in the region and trust that the Arab League will soon terminate its boycott of Israel. We are strongly committed to the full implementation of all agreements reached, and we will continue to provide our full support to those who take risks for peace.

The conclusion, on 28 September 1995, of the interim Israeli-Palestinian agreement on the Gaza Strip and West bank, as provided for in the 1993 Declaration of Principles, was a fundamental step forward in the Middle East Peace Process. We welcome the opening, on 5 May 1996, of the negotiations on permanent status. We look forward to the resumption of these negotiations.

We welcome the election of a Palestinian Council, and of its Executive Authority. We urge the Palestinian authority under its Head, Mr. Yassir Arafat, to promote the development of democratic institutions, the rule of law, transparency of public administration and respect for human rights.

We welcome all donors' efforts including the meeting in Paris on 9 January of the Conference on Economic Assistance which reaffirmed the international community's support for the Palestinian economy, and urge donors to fulfill pledges made. We recognize the importance of economic growth and prosperity to underpinning peace and note the need for increased regional economic cooperation and development. We welcome steps toward facilitating economic activities in the West Bank and Gaza. We welcome the steps taken by the Government of Israel to ease the closure in the West Bank and Gaza. Recognizing that Israel has legitimate security needs, we look forward to the complete lifting of the closure. We acknowledge the important contribution of multilateral negotiations in all their aspects to the peace process. We also welcome the establishment of economic institutions and facilities which have grown out of the multilateral working groups.

We take note of the significant deepening and broadening of peace between the Israeli and Jordanian peoples and the importance of helping to extend the material benefits of peace.

The Sharm el-Sheikh Summit, 13 March 1996, gave all the leaders of the world the opportunity to reaffirm their condemnation of terrorism and their desire to pursue a comprehensive peace, to support regional stability and to fight terrorism, whatever the motive and whoever the perpetrators. We urge the international community to continue to uphold the logic of the " peace-makers ". We believe that terrorist threats will also be curbed by the elimination of isolation and poverty, especially in the Palestinian territories, by the progressive restoration of confidence and by the

successful outcome of the peace negotiations.

We note the preeminence of the theme of security in Israel's recent election campaign. We are convinced that the security of all people of the region can eventually be achieved only through comprehensive, equitable and lasting peace.

The resumption of negotiations between Syria and Israel, at the end of December 1995, formed part of a peace dynamic which must be preserved. We are working to create a climate which will facilitate the resumption of the negotiations. We urge all the parties to resume their bilateral negotiations as soon as possible. We also invite Syria and Lebanon to join the on-going multilateral negotiations.

We urge all parties to adhere to the 26 April 1996 Understanding which restored calm along the Lebanese-Israeli border. We call upon the Consultative Group that will be assisting in the reconstruction needs of Lebanon to accelerate its work.

At a time when the Middle East Peace Process requires a renewed impetus, we urge all the parties to fulfill their obligations, including agreements already signed, and to continue their efforts in favour of a comprehensive peace on the basis of the Madrid process, the principle of land for peace and other principles enshrined in the relevant United Nations Security Council resolutions.

As we did last year, we call upon the Government of Iran to play a constructive role in regional and world affairs, and to desist from material and political support for extremist groups that are seeking to destroy the peace process in the Middle East and to destabilize the region. We further call upon the Iranian Government to reject terrorism and notably to desist from endorsing the continued threats to the life of Mr. Salman Rushdie and other people associated with his work. We call on all States to avoid any collaboration with Iran which might contribute to the acquisition of a nuclear weapons capability.

We reaffirm our determination to enforce full implementation of all UN Security Council resolutions concerning Iraq and Libya only full compliance with which could result in the lifting of all sanctions. We welcome the conclusion of the Memorandum of Understanding between the Government of Iraq and the Secretariat of the UN on the implementation of Security Council resolution 986.

4. We urge the Democratic People's Republic of Korea (DPRK) to develop the dialogue and cooperation with the Republic of Korea (ROK), this being the only means of achieving permanent peace on the Korean Peninsula and ensuring a more stable and more secure future for the Korean People. In this context, we support the initiatives take with a view to initiating a process aimed at achieving a permanent peace agreement on the Korean Peninsula to replace the current Armistice Agreement, including the proposal of the US and the Republic of Korea on 16 April 1996 to convene a four-part meeting. We welcome the efforts being made within the "Agreed Framework" of 21 October 1994, in re-orienting the DPRK nuclear program in order to comply with its obligations under the Non-Proliferation Treaty. We call upon the DPRK to meet in full its commitments under its safeguards agreement with the IAEA and to make full disclosure of the facts concerning the history of its nuclear program. We call on the international community to join us in providing political and financial support for the Korean Peninsula Energy Development Organization (KEDO).

Halifax Summit Follow-up

Review of UN reforms in the economic and social Fields

1. At the Halifax Summit, we decided to promote and deepen the United Nations reform process in the economic and social field. In order to strengthen the United Nations and make it more effective in carrying out Charter objectives, the Communique set out a number of objectives, which we have worked actively to achieve in

cooperation with the whole membership of the UN organizations. In this regard, we acknowledge with satisfaction that the principle of reform of UN economic and social institutions is now widely supported in all parts of the world, recognizing also that savings achieved through greater efficiency should be reinvested in appropriate programs.

2. The reform process is only just beginning but concrete results are already visible, notably where the impact of globalization of the world economy and budget constraints were felt most strongly. The following provides a non-comprehensive summary of achievements since the Halifax Summit. At the present time, no organs, specialized agencies, Funds or Programmes can claim to be bypassed by the reform process which is just as perceptible on the fringes of the system as at its core.

3. We will continue and reinforce our efforts to improve the functioning of the UN in the economic and social fields and its impact on development. We will continue to work in partnership with other members to complete processes underway, including Agenda for Development, and initiate further processes as required. In addition, the effective implementation of results achieved to date will be a priority.

Achievements

System wide

Negotiations on UN revitalization and strengthening in the economic and social fields reflect the general reform agenda. The recent agreement on the revision of resolution 48/162 is a welcome stage in the reform process and is a good omen for the finalization of the Agenda for Development. Numerous elements of progress can be identified:

> ECOSOC's important policy coordination role is recognized, and its work will be facilitated by a more active bureau. ECOSOC's substantive session will be shortened and measures will be taken to improve its preparation. Short periodic sessions close to the timing of the Bretton Woods Institutions Provisional Committee and Development Committee meetings will be held to improve high level debate and coordination.
>
> The mandates, compositions, functions and working methods of all the functional commissions of ECOSOC, the Committee for Programme and Coordination (CPC), the Committee for Development Planning (CDP) and the regional commissions are to be reviewed with a view to improving their effectiveness. The World Food Council has been discontinued and its functions absorbed by the World Food Programme and the Food and Agriculture Organization. The joint meetings of the Administrative Committee on Coordination and Committee for Programme and Coordination were deemed of limited value and will be discontinued. The discussions on the funding of operational activities will be transferred to the governing bodies of the Funds and Programmes concerned (UNDP, UNICEF, UNFPA, WFP).

The Secretary-General has set up an Efficiency Board chaired by the Under-Secretary-General for Administration, to advise him on the implementation of his programme to promote greater efficiency.

The Office of Internal Oversight Services has identified areas of overlap and duplication and made it possible to achieve substantial savings. Its capacity has been increased. The Office is currently seeking to extend its work to the Funds and Programmes.

At the initiative of the Secretary-General and under the direction of the Coordinator of Development Activities, three inter-agency task forces were set up, to work in the framework of the Administrative Coordinating Committee (ACC). These task forces will deal with the following themes: 1) creation of an environment suited to sustainable development (steered by the World Bank); 2) growth of job creation (steered by the ILO); 3) provision of basic

social services (steered by the UNFPA).

Budgeting

UN institutions have adopted budgets with a zero, or in some cases negative, growth rate in real terms. Maximizing the use of increasingly scarce resources, they ensured continuation of their development programmes (new activities are funded by reallocations). Agreement is now taking shape among most of these institutions on reducing overheads and improving the presentation of their budgets.

- **United Nations**: for the biennium 1996-97 a budget of US$ 2,608 million was adopted, which is significantly less than the final approved expenditures for 1994-95 and represents negative nominal growth. Expenditure and personnel reductions are envisaged.

- **FAO**: the programme-budget for the 1996-97 biennium has undergone considerable change (savings were made amounting to US$ 57 million) in order to make the organization more efficient while reducing operating costs. Savings were made, for the most part, thanks to efficiency gains and in non-technical units programmes.

- **WHO**: its budget increase is modest (2.5 %), well below the demands of its Secretariat (14%).

- **ILO**: in anticipation of the cuts announced for the 1996-97 biennium, additional savings (US$ 21 million) were made; the budget will be made more transparent.

- **IFAD**: 1996 is the third consecutive year of budget cuts in nominal and real terms and this has led the Organization to review its missions and internal operation.

- **WFP**: streamlining efforts are continuing (closure of 20 national offices that are no longer needed).

- **UNDP**: the 1996-97 biennium budget is down 11% in real terms compared to 1994-95; reductions in overhead costs are designed to protect its programmes. Decision procedures for programmes have been made more efficient.

Humanitarian relief

A Memorandum of Understanding (MOU) has been signed between the WFP and the UNHCR in order to coordinate their action programmes. Similar agreements were signed between UNICEF and the UNHCR and are under negotiation between UNICEF and the WFP. As requested at the 1995 ECOSOC substantive session, the DHA will submit a report at the next ECOSOC session on the capacities and performance of relevant UN emergency humanitarian relief agencies in order to improve their coordination.

UNCTAD

The outcome of UNCTAD IX lays a solid foundation for the reform of UNCTAD. UNCTAD's work was reorganized around key priorities (trade-investment and development issues - those in which UNCTAD has a comparative advantage over other international organizations). Its work programme focuses on assistance to the poorest countries to promote their integration into the world trading system, in addition to WTO action. A significant priority effort in the direction of the Least Developed Countries has been agreed. The intergovernmental machinery was scaled down and improved (a single annual session of the Trade and Development Council; the number of commissions was cut to three; specialization of experts groups; cutting to 55 the total number of meeting days). All this builds on improvements plans presented earlier by UNCTAD's Secretary-General that will reduce the

number of Secretariat divisions from 9 to 4 and improve cooperation and coordination with the WTO.

UNCTAD IX clarified UNCTAD's complementarity to WTO. Both organizations have agreed to improve their mutual coordination and cooperation (joint half-yearly meetings, improved working relations at all levels) so as to facilitate their work in the trade and development fields. Moreover, UNCTAD and UNIDO signed a joint communiqué intended to promote mutual cooperation on the basis of their existing mandates (yearly joint meetings, complementarity between programmes).

Specialized Agencies

- **FAO**: a review the Organization's priorities is underway, following approval of a reduced budget for the 1996/97 biennium.

- **UNESCO**: a strategy document was adopted to reorient over the next 6 years the programmes of the organization. An ad hoc working group was set up to assess operation of the General Conference.

- **WHO**: the Executive Board decided to review the WHO mandate; related reforms (e.g. revision of the organizational chart, efficient human resources management) are planned.

- **UNIDO**: Budget cuts and personnel reductions are underway. Staff has reduced by 17 per cent since Halifax (50 per cent since 1993). Several management levels have been abolished, the number of divisions cut from 8 to 6 and improved coordination was set up between departments. A recent external audit advocated further reforms (additional reductions in administrative personnel, better targeting of interventions, scaling-down of administrative procedures, abolition of certain social benefits, etc.) Moreover, UNIDO is close to an agreement intended to promote its cooperation with WTO.

Funds and Programmes

- **UNICEF**: the organization has completed its work on revising its mandate and is moving to adapt its administration.

- **WFP**: on 1 January 1996, the former governing body (Committee on Food Aid Policies and Programmes - CFA) was transformed into a downsized efficient Executive Board. The WFP launched a revision of its action programmes, in order to put an end to overlaps with other institutions.

- **UNEP** : UNEP is now revising its governing structure, with a view to ensuring greater political oversight.

- **UNDP** : the pivotal role ascribed to the UNDP in development operational activities within the United Nations system became a reality (e.g. the December 1995 agreement between the UNDP and the World Bank implementing joint development activities; the Special Initiative for Africa steered by the UNDP). The Executive Board reformed UNDP working methods with a view to improving effectiveness.

Regional Economic Commissions :

There are active review and prioritization exercises underway. ECOSOC will review the Regional Commissions with a view to improving their effectiveness.

- **ESCAP**: an external audit is in process to assess the impact of budget cuts on current programming. A

revision of all work programmes and of the Commission's structure is planned in 1996.

- **ECA**: the Executive Secretary plans to carry out an in-depth restructuring of the Commission which includes a 10-20% cut in posts and a radical change of the priorities of the action programme.

- **ECLAC**: the Commission has set up an intergovernmental committee to set clear priorities and determine strategic directions.

- **ECE**: a full review of the operation of the Commission and a rigorous choice of priority activities are in progress.

Agenda for Development

Part one (background and objectives) has been largely agreed. Negotiations on Part two (ways and means) and Part three (institutional adaptation) are in progress.

Annex II

LYON SUMMIT

ECONOMIC COMMUNIQUE

MAKING A SUCCESS OF GLOBALIZATION FOR THE BENEFIT OF ALL

LYON, 28 JUNE 1996

I. STRENGTHENING ECONOMIC AND MONETARY COOPERATION

II. PROMOTING STRONG AND MUTUALLY BENEFICIAL GROWTH OF TRADE AND INVESTMENT

III. ENHANCING OUR APPROACH TO EMPLOYMENT PROBLEMS

IV. IMPLEMENTING A NEW GLOBAL PARTNERSHIP FOR DEVELOPMENT: AN AMBITION FOR THE 21ST CENTURY

V. ENHANCING THE EFFECTIVENESS OF MULTILATERAL INSTITUTIONS FOR THE BENEFIT OF DEVELOPMENT

VI. PROVIDING THE NECESSARY MULTILATERAL SUPPORT FOR DEVELOPMENT

VII. TOWARD SUCCESSFUL INTEGRATION OF COUNTRIES IN TRANSITION INTO THE GLOBAL ECONOMY

PREAMBLE

1. We, the Heads of State and Government of seven major industrialized democracies and the President of the European Commission, have met in Lyon for our 22nd annual Summit. Our discussions have taken place within the framework of a reflection on benefits and challenges posed by increasing economic globalization.

2. Economic growth and progress in today's interdependent world is bound up with the process of globalization. Globalization provides great opportunities for the future, not only for our countries, but for all others too. Its many positive aspects include an unprecedented expansion of investment and trade; the opening up to international trade of the world's most populous regions and opportunities for more developing countries to improve their standards of living; the increasingly rapid dissemination of information, technological innovation and the proliferation of skilled jobs. These characteristics of globalization have led to a considerable expansion of wealth and prosperity in the world. Hence, we are convinced that the process of globalization is a source of hope for the future. History shows that rising living standards depend crucially on reaping the gains from trade, international investment and technical progress.

3. Globalization also poses challenges to societies and economies. Its benefits will not materialize unless countries adjust to increased competition. In the poorer countries, it may accentuate inequality and certain parts of the world could become marginalized. The adjustment needed is, however, imposing rapid and sometimes painful restructuring, whose effects, in some of our countries, can

temporarily exacerbate the employment situation. Globalization of the financial markets can generate new risks of instability, which requires all countries to pursue sound economic policies and structural reform.

4. Our countries have made a decisive contribution to the progress of liberalization and globalization. We must do our best to ensure that this process fully responds to the hopes it has aroused and that globalization serves the interest of people, their jobs and their quality of life. The potential benefits of the process for people must be translated into real opportunities in our own societies and in the poorer countries of the world. In an increasingly interdependent world we must all recognize that we have an interest in spreading the benefits of economic growth as widely as possible and in diminishing the risk either of excluding individuals or groups in our own economies or of excluding certain countries or regions from the benefits of globalization.

5. This requires increased international cooperation. The adaptation of our international institutional structures; liberalization of markets, fair rules and their extension to new players; the capacity to respond to crises of varying scale and nature, as well as a readiness to support the efforts of those countries striving to escape from the miseries of economic underdevelopment will be necessary for future progress. We call upon other countries with the financial capacity and a stake in the international trade and monetary system to join us in these efforts so as to share the responsibilities and the burdens fairly among ourselves and with others. We will thus be able to make a success of globalization for the benefit of all.

I. STRENGTHENING ECONOMIC AND MONETARY COOPERATION

6. Growing international economic interdependence unquestionably holds out new opportunities for the entire global community. At the same time, it adds to our collective responsibilities and the need for more effective cooperation among our countries to face new challenges.

7. Since we met in Halifax, economic developments have been on the whole positive and disparities of economic performance among us have been narrowing. Canada and United States continue to enjoy sustained non-inflationary growth. In Japan, the recovery is gathering strength. Some European countries, admittedly, experienced a slowdown, but economic fundamentals are improving and we are confident that growth will pick up in the second half of the year.

Looking ahead, the economic fundamentals remain sound and well oriented : inflation has settled at a low level, the interest rates have come down substantially, reaching historically low levels in some of our countries and external and internal imbalances have been substantially reduced. However, we recognize that some difficulties still lie ahead: public deficits and debt remain too large and national savings too low, unemployment is still unacceptably high in many countries and despite all the progress already achieved in the area of structural reforms, our economies are not yet as resilient and adaptable to changes as they should be.

Outside the G7 sphere, economic prospects also look very encouraging. Emerging economies are experiencing robust growth. Sound macroeconomic policies and progress toward market-based institutions have contributed to improving economic performance in many developing countries and countries in transition.

8. In this context, our economic policies will continue to be directed at sustaining non-inflationary growth. This is a vital prerequisite to the creation of jobs and bringing down unemployment. While recognizing that our individual circumstances may vary, we share a common commitment to a medium-term economic strategy : credible fiscal consolidation programs, successful anti-inflationary policies and as a consequence low interest rates, and strengthened structural reform. These should contribute to investment, growth and job creation. Such policies will contribute to reducing external imbalances, thereby promoting international monetary stability and maintaining the conditions for harmonious growth in global trade and business.

9. Sound economic policies are the most important foundation for preventing exchange rate misalignment that may heighten uncertainty in the global economy and be detrimental to trade and growth. We welcome the broad movements in the major currencies since April 1995. These are

positive and promising developments, and have helped to improve the conditions for sustained growth across the G7. We endorse the views of our Ministers of Finance on international monetary stability. We request our Ministers of Finance to continue to cooperate closely on economic policy and in the exchange markets. In this connection, we attach importance to the implementation of improved practical measures to deal with risks relating to the operation of the global financial markets and we request our Ministers to report to the next Summit on this issue.

10. The globalization of the financial markets has contributed to the creation of a more complex financial environment. Better prudential regulation and supervision in the financial markets are essential elements in preserving the stability of the international monetary and financial system. In this respect, we welcome the progress on the strengthening of capital standards, including the recent agreement on capital adequacy standards for banks' exposure to market risk, improved disclosure and enhanced surveillance.

11. Cooperation among regulatory and supervisory authorities should continue to adapt to financial innovations, and to the growth in cross-border capital movements and internationally-active financial institutions. We welcome the work accomplished by the international bodies concerned with banking and securities regulation. Over the year ahead, we should seek to make maximum progress on the following objectives :

- enhancing cooperation among the authorities responsible for the supervision of internationally-active financial institutions, importantly by clarifying their roles and responsibilities ;

- encouraging stronger risk management and improved transparency in the markets and connected activities, especially in the innovative markets ;

- encouraging the adoption of strong prudential standards in emerging economies and increasing cooperation with their supervisory authorities ; international financial institutions and bodies should increase their efforts to promote effective supervisory structures in these economies. We ask our Finance Ministers in consultation with the relevant institutions to report back on this issue at our next meeting ;

- studying the implications of the recent technological advances which make possible the creation of sophisticated methods for retail electronic payments and how to ensure their benefits are fully realized.

12. The increased integration of global capital markets, the changes in magnitude and composition of financial flows, and the increased diversity and number of creditors and borrowers present new opportunities and new challenges. That is why, in order to promote monetary stability, we proposed last year in Halifax a number of measures for the international financial system, notably the International Monetary Fund, to strengthen the ability to deal effectively with these challenges.

We welcome the work accomplished since the Halifax Summit toward the implementation of these proposals. The surveillance capacities of the IMF have been enhanced, standards for the provision of economic and financial information to the markets have been established and an emergency financing mechanism has been created. We welcome the G10 report on resolving the liquidity crises of sovereign borrowers. This report emphasizes the importance of market discipline, and calls for the enhancement of current procedures for handling international financial emergencies, in order to minimize the need for official support in the future.

13. Together with the international community as a whole, we undertake to ensure that the IMF has the resources needed to perform its tasks in the service of international monetary stability :

- We welcome the agreement reached on a framework for doubling the resources currently available to the IMF under the General Arrangements to Borrow in order to respond to financial emergencies. These arrangements will include a broader group of countries with the capacity to support the international monetary system. We welcome this sharing of monetary responsibilities, thereby adapting our cooperation to new economic circumstances ;

- The IMF should remain an institution based on quotas providing the resources necessary to accomplish its traditional tasks. Any quotas increase should take into account the changes in the economic and financial weight of its members. Given the prospective evolution of the Fund's liquidity, we request that the 11th quota review be completed as soon as possible.

14. Lastly, the IMF should continue to reflect on the role of Special Drawing Rights within the international monetary system. We continue to hope for progress on proposals that would permit all Member countries to participate on an equitable basis in the SDR system. We invite the IMF Member States to pursue their dialogue in order to settle this issue.

15. As we recognized last year, international financial fraud is a growing problem for our financial systems. In order to strengthen the fight against this phenomenon, we will continue to look for ways of facilitating, as much as possible, the exchange of information on cases involving serious financial crime and regulatory abuse between law enforcement agencies and regulatory bodies, in accordance with our own domestic legal systems and other basic principles. We intend to maintain our dialogue to review progress and developments in this field.

16. Finally, globalization is creating new challenges in the field of tax policy. Tax schemes aimed at attracting financial and other geographically mobile activities can create harmful tax competition between States, carrying risks of distorting trade and investment and could lead to the erosion of national tax bases. We strongly urge the OECD to vigorously pursue its work in this field, aimed at establishing a multilateral approach under which countries could operate individually and collectively to limit the extent of these practices. We will follow closely the progress on work by the OECD, which is due to produce a report by 1998. We will also follow closely the OECD's continuation of its important work on transfer pricing, where we warmly endorse the significant progress that the OECD has already achieved.

17. In order to face the challenges of economic and fiscal impact of aging populations, we remain committed to ensuring sustainability of our social security system.

II. PROMOTING STRONG AND MUTUALLY BENEFICIAL GROWTH OF TRADE AND INVESTMENT

18. Expanding trade and investment has led to marked increases in global wealth and prosperity and should continue to play this role in the future. Growth in trade and investment will be sustainable and therefore most beneficial to all if conducted within a strong multilateral framework of rules.

19. We give high priority to achieving a multilateral agreement on investment in the OECD that provides high standards of investment protection and liberalization, with effective dispute settlement. We look forward to the successful completion of these negotiations by June 1997.

20. We place a high priority on an efficient, dynamic, respected and open multilateral system. We reaffirm the central role of the WTO and the preeminence of multilateral rules, which should serve as the framework for regional initiative. We reaffirm our commitment to working to strengthen the confidence in and credibility of the multilateral trading system by avoiding taking trade and investment measures that would be in contradiction with WTO rules and OECD codes, and by using and complying with any applicable provisions for consultation and dispute settlement when differences arise. We emphasize that bilateral or regional free trade agreements should be trade liberalizing and should cover substantially all trade.

We will continue to monitor the strict implementation of commitments and precise compliance with timetables agreed at the end of the Uruguay Round. In accordance with the rules of the World Trade Organization and on the basis of significant liberalization commitments, we support the accession of new members to the WTO.

21. We recognize the importance of the integration of developing countries in the global trading system as an essential element of sustainable growth and development. We have agreed on ways to help developing countries, especially the least developed, to benefit more fully from the results of the Uruguay Round.

22. Together with our partners we will work for the success of the first ministerial conference of the WTO in December 1996. We will ensure full and effective implementation of the Uruguay Round results according to the agreed timetables. We are resolved to complete all ongoing negotiations in the service sector and to relaunch talks in Singapore on financial services so as to reach significant, balanced and non-discriminatory liberalization commitments by December 1997.

We strongly support the conclusion of a mutually beneficial Information Technology Agreement.

23. Global liberalization of trade and a high level of environmental protection should be mutually supportive. It will be important, for example, to ensure that WTO rules and multilateral environmental agreements and ecolabelling programs are complementary. The Singapore Ministerial Conference of the WTO will be an important opportunity to demonstrate the ability and willingness to integrate environmental protection and thus sustainable development concerns into the multilateral trading system. We welcome the ongoing work launched at Marrakech and look to the Singapore Ministerial Conference to make substantive recommendations for action.

24. In addition to pursuing full implementation of the Uruguay Round agreement, we invite the WTO Ministerial Conference to broaden its agenda to include topics of special importance for trade and investment liberalization, by :

- beginning an examination of trade and investment in the WTO and work towards a consensus which might include the possibility of negotiations ;

- discussing the interaction between trade and competition policy with a view to determining how to proceed ;

- exploring possible new industrial tariff initiatives in sectors to be agreed by consensus.

We also recognize that there is a will to address the question of the relationship between trade and internationally recognized core labour standards.

We also believe that there is more to be done in areas where other obstacles still seriously impede freer access to markets, in particular :

- by encouraging more convergence between national standards and international norms, by further regulatory reform and by mutual recognition of procedures for testing and for certification ;

- by enhancing the disciplines of and expanding the number of countries subscribing to the Agreement on Government Procurement and, in furtherance of this goal, by developing an interim arrangement on transparency, openness and due process in government procurement practices ;

- by effectively enforcing and further developing intellectual property disciplines.

25. In order to facilitate the free flow of trade, we will initiate an effort to further standardize and simplify customs procedures among our countries. Uniform documentation and electronic transmission standards would reduce costs for business and government, complement efforts in the WTO by eliminating barriers to trade and development, and so promote growth.

26. Lastly, we are resolved to combat corruption in international business transactions, which is detrimental to transparency and fairness and imposes heavy economic and political costs. In keeping with the commitment of OECD Ministers to criminalize such bribery in an effective and coordinated manner, we urge that the OECD further examine the modalities and appropriate international instruments to facilitate criminalization and consider proposals for action in 1997.

27. Looking ahead beyond the Singapore Ministerial Conference and recognizing that our next meeting will take place on the eve of the 50th anniversary of the founding of the multilateral trading system, we are committed to working together with our partners to give sustained impetus to trade liberalization.

III. ENHANCING OUR APPROACH TO EMPLOYMENT PROBLEMS

28. The development of a more global economy and advances in information technology are engines of economic growth and prosperity. But they also may be seen by some as a source of dislocation and insecurity. Our challenge is to ensure that our economies can adapt so that all our citizens can benefit from the opportunities created by the new global economy. We must achieve both economic growth and a widely shared prosperity. The reduction of unemployment and the creation of quality jobs are urgent priorities. We recognize the crucial role of the private sector for achieving these goals.

29. We seek to enhance the effectiveness of policies aimed at stimulating growth and jobs. This requires action in a wide range of structural policies, within a framework of sound macro-economic policies. We welcome the conclusions reached by the Ministerial Conference on Employment in Lille, and we have agreed to pursue the following policies :

- we reaffirm our belief that investment in people is as vital as investment in capital. We will therefore pay special attention to a sound basic education, skill formation and training, which is a lifelong undertaking, and to improving the transition from school to work ;

- we are determined to prevent and fight against social exclusion. We must define ways to reinforce people's employability throughout their working lives by facilitating the transition from one job to another ;

- we pledge to carry out practical reforms, consistent with the specific situation in each of our countries, aimed at achieving a high level of employment and widely-shared prosperity : these include tax and social system reforms to ensure that "work pays," particularly for the least well-off ; lowering social security charges which place a burden on low-skilled jobs, in countries with high indirect labour costs ; and improving public employment agencies ;

- in order to foster entrepreneurship we will modernize our regulatory frameworks where needed in the markets for goods and services, to enhance our economies' ability to respond to rapid change and to encourage job creation ; we welcome the work on regulatory reform by the OECD and look forward to its conclusions ;

- we will facilitate the dissemination, notably in the direction of small and medium-sized businesses, of new technologies, which are creating plentiful, quality jobs.

30. We thank the ILO and the OECD for the quality of their contributions to the Lille conference. We very much hope that these two organizations will continue their work especially on the interaction between macroeconomic policies and structural reforms, as well as on "best practice" in the fields of technology, innovation and investment in human capital in the best-performing businesses, and policies to enlarge employment opportunities for the most vulnerable workers of society.

31. We welcome the proposed meeting in Japan to reflect in greater depth on employment issues.

IV. IMPLEMENTING A NEW GLOBAL PARTNERSHIP FOR DEVELOPMENT: AN AMBITION FOR THE 21ST CENTURY

32. Thanks to sound domestic economic policies and to an increasingly global economy, many developing countries are experiencing robust growth, assisted by their expanding involvement in international trade and capital inflows. But there is a growing divide between these countries and those, mainly low income countries, which are currently unable to benefit from these opportunities and are falling further behind.

33. We need therefore to define a new global partnership between developing countries, developed countries and multilateral institutions. This will involve a fresh look at development policies including development aid, its content and the bilateral and multilateral instruments through which it is provided.

34. This new partnership should set its sights on enabling all developing countries, whatever their stage of development, to share and participate in the benefits of globalization. To that end, it should take the achievement of sustainable development as its fundamental objective. Goals should include the reduction of poverty and social inequities, the respect of internationally recognized labour standards, protection of children, a strengthened civil society, protection of the environment, improved health and education.

35. We want the partnership to achieve concrete results. We emphasize the usefulness of indicators capable of measuring progress toward development objectives in specific countries in areas such as extreme poverty, infant, child and maternal mortality, and primary education. Other essential aspects of development must also be considered, including a number of non-measurable qualitative factors. We welcome the ongoing work of the OECD on this subject.

36. The new development partnership should be mutually beneficial and based on a spirit of solidarity and burden-sharing among all those involved :

- the developing countries have a fundamental responsibility for promoting their own development. This means conducting sound and consistent economic and social policies, promoting a political and legal environment conducive to the development of the private sector, and encouraging domestic and foreign investment. Democracy, human rights and good governance are indispensable components of development. It is up to these countries to give priority to funding social and economic development programs and to avoid unproductive expenditures, in particular excessive military spending, without prejudice to their right to self-defence. It is in their interest to commit themselves actively to the multilateral system and to promote regional cooperation ;

- the developed countries must support the efforts of the developing countries in a spirit of common purpose and efficiency. Their growth and market-opening policies also benefit developing countries. In implementing these policies, they should seek to create an environment which encourages trade and private financial flows in the developing countries direction. Bilateral agreements for investment protection and generalized preference measures contribute to this objective. We renew our commitment to secure substantial flows of official aid and to improve the quality of this aid. The whole international community should be mobilized in this effort, and new donors should assume growing responsibility, so that the burden is more equally shared ;

- the multilateral development institutions, cooperating among each other and with bilateral donors, play an important role in promoting development and encouraging the developing countries to reduce poverty, to implement sound economic policies and to improve capacity. They must be provided with sufficient and appropriate financial resources for this purpose. Their strength depends on the active participation of all members. Efforts by the multilateral institutions to discourage unproductive expenditures in developing countries should be pursued and supported by donor countries in their own bilateral aid and credits.

37. Within the framework of this new partnership, the priority must be to implement more effectively-targeted policies, with four complementary objectives :

- external financial support should take into full account the differentiation between countries in transition, emerging economies and the poorest countries. Sub-Saharan Africa continues to face unusually severe challenges. We will concentrate resources on those countries that need them most and that can use them effectively, reflecting the fact that their policy program is credible and that their Government is fully committed to implement it. Grants and concessional financing should be directed primarily to meet the financial requirements of the poorest countries which have no or limited access to the international capital markets, once they can demonstrate their commitment to create the conditions to use them effectively ;

- giving more explicit priority to sustainable development and the alleviation of poverty. This should mean adequate ODA funding of essential sectors such as health and education, basic infrastructures, clean water schemes, environmental conservation, micro-enterprises, agricultural research and small-scale agriculture, with for example the help of IFAD ;

- we should support the establishment of a dynamic and competitive private sector in developing countries based on small and medium scale entreprises . ODA can play a catalytic role in creating the conditions in which such a private sector can flourish ;

- lastly, further integrating the Least and Less Developed Countries into the global economy, using the full range of policy instruments having an impact on development. Within the multilateral environment which has emerged from the Uruguay Round Agreement, this should be an essential objective. We will support the LLDCs' efforts to achieve such integration, for example, by responding favourably to requests for technical assistance in the fields of investment, privatisation and export diversification, and encouraging international organisations and programs to do likewise. We will implement the provisions of the Marrakech Decision on Measures in Favour of Least Developed Countries. In this context we will examine what each of us could do to improve their access to our markets and we encourage others to do the same, including other developing countries.

V. ENHANCING THE EFFECTIVENESS OF MULTILATERAL INSTITUTIONS FOR THE BENEFIT OF DEVELOPMENT

38. To be effective in supporting this global partnership for development, the multilateral institutions must pursue their efforts to adapt and reform. We welcome the widespread support for institutional reform that has arisen in the past year and we are determined to help increase this momentum.

39. In Halifax a year ago, we called for reforms of the international financial institutions in order to improve coordination, reduce overlap, and increase their effectiveness. Reform efforts have intensified over the past year. The reform of the Development Committee has made it possible for Ministers from developed and developing countries to consider issues together and provide guidance to the institutions. The World Bank and the IMF are cooperating more closely with tangible results, for example in their joint studies on debt and public spending. Collaboration among the heads of the multilateral development banks has been intensified. Operational and administrative reforms are underway and attention must be directed to effective implementation.

We commend the work undertaken by the Multilateral Development Banks to make procurement processes more transparent. We encourage efforts by all the multilateral institutions to support reforms that will help to promote good governance and to reduce corrupt commercial practices.

A sustained effort is needed in reforming the development banks to achieve better results on the ground, while reducing costs further. We endorse the recommendations of the Development Committee Task Force for closer cooperation between banks at all levels.

40. In Halifax, we committed ourselves to encourage the broadening and deepening of the reform process underway in the United Nations system. We believe that our initiatives have significantly contributed to an increasing awareness of necessary changes in the system as a prerequisite for improved efficiency, with a view to tangible benefits for recipients of the various development activities.

We particularly appreciate the outcome of the 9th session of UNCTAD at Midrand where we succeeded, together with all our partners, to pave the way for a thorough reform which can also be regarded as an important point of reference for the reform of the UN economic and social sector. We also deem significant the recent decision to strengthen the coordinating role of ECOSOC. We welcome the UN regional economic commissions initiatives to examine their activities, adjust priorities, restructure programs and reorganize their staff to increase efficiency and cost effectiveness.

We will work with other members to make rapid progress in the reform of the UN in order to rationalize and strengthen its role in development.

41. The United Nations plays a crucial role in the organization of international cooperation in favour of sustainable development, and in fostering consensus around development objectives and policies.

The UN's priority areas are, notably: reduction of poverty, employment, housing, the provision of essential services, and especially those relating to health and education, the advancement of women and protection of children, and humanitarian assistance in general.

The UN also has a fundamental role to play in promoting democracy, human rights and the rule of law, protection of the environment, emergency relief and post-conflict stabilization, and technical assistance to enable the poorest countries to participate in international trade and investment.

42. In order to be more effective in the field of development, the UN must clarify its role and comparative advantages. It must enhance the efficiency of its Secretariat and operational framework, make them more coherent and ensure genuine coordination at all levels. Proposals to that effect should focus on existing structures and build on ideas which have emerged in various discussions on UN reform.

43. Reform could center upon the following main points :

- the three Secretariat departments responsible for development should be merged under the authority of a single Under Secretary-General ;

- the Under Secretary-General should notably serve as Executive Secretary of ECOSOC in order to enhance the Council's policy formulation and coordinating role ;

- the Secretary-General, assisted by the Under Secretary-General and supported by the Head of the UN Office of Internal Oversight Services, in cooperation with the heads of agencies, should urgently review the roles and mandates of specialized agencies and commissions involved in development with a view to eliminating overlap and improving effectiveness. This review should include an examination of the case for merging their development functions. The Secretary-General should make recommendations in this sense and pursue their implementation through the Administrative Committee on Coordination and ECOSOC ;

- upon being appointed, the Under Secretary-General should support the process by conducting a review of existing UN development funds and programs in close consultation with the heads of relevant individual bodies. Where a strong case for rationalization can be made, funds and programs should be merged into the UNDP, which would thus be enhanced ;

- the Under Secretary-General should also carry forward the rationalization of UN's economic analysis and reporting in consultation with other organizations involved in economic analysis such as the IMF, the World Bank and the OECD, with a view to eliminating duplication ;

- UN field premises and administrative systems in the field should be further consolidated and the timetable for approval of UNDP, UNFPA and UNICEF country programs should be harmonized ;

- savings resulting from improved cost effectiveness should be reinvested in development programs. The Secretary-General should study ways of implementing this goal.

44. UNCTAD IX was a major milestone in the renewal of UNCTAD. In close partnership with the other member States, we succeeded in reforming UNCTAD's intergovernmental machinery and in refocusing its work on a small number of priorities to promote development through trade and investment with the aim of facilitating the integration of developing countries in the international trade system. We are committed to the implementation of these reforms. The LLDC's will be the major beneficiaries of this action. We also welcome the WTO and the renewed UNCTAD initiative to enhance mutual cooperation with each other, with due regard to their respective mandates.

45. We urge greater cooperation between UN agencies, the international financial institutions and the WTO :

- regular meetings between the United Nations Secretary General, the IMF Managing Director, the World Bank President and the WTO Director General, and at other levels, would assure the coordinated and concerted action of these institutions. This closer cooperation must take into account

the necessity for each institution to concentrate on areas of comparative advantage and to avoid unnecessary duplication ;

- UNDP, other UN agencies, the World Bank, the IMF, the WTO and regional development banks could work together, in full cooperation with the host country, in the preparation of country strategy reports submitted to their respective governing bodies. Regular meetings of donors in each country should be organized to facilitate the exchange of information and the shaping of programs according to the comparative advantages of each institution. Bilateral donors should be involved in this process. The resident United Nations co-ordinator or the World Bank or regional development bank representative could organize these meetings at regular intervals. Such meetings will help coordinate and rationalize the work of donors while reducing costs ;

- the non-military aspects of peace operations (including such tasks as democratization, police training, institution building, and delivery of humanitarian assistance) should be addressed through a comprehensive approach. In this regard, we encourage a closer cooperation between the United Nations, the International Financial Institutions and the relevant regional organizations, in order to facilitate the transition between the emergency intervention phase and the rehabilitation phase. Consultation among multilateral and bilateral donors in post-conflict countries should also be reinforced.

VI. PROVIDING THE NECESSARY MULTILATERAL SUPPORT FOR DEVELOPMENT

46. The replenishment of the concessional resources of the multilateral financial institutions must be completed. In this context, we stress the importance of sharing this burden equitably, we welcome the emergence of new donors and we encourage other countries to participate.

47. We welcome the fact that all donors have agreed to contribute to IDA-XI and the activation of the Interim Trust Fund. This agreement will enable the Association to lend up to USD 22 billion over three years. This is a major success. It is important that all donors ensure the success of IDA-XI by fully respecting their commitments on time.

48. We also welcome the replenishment of the resources of the African Development Fund, whose work is of vital importance for this continent, recognizing the reforms already made by the management of the Bank. Timely replenishment of the Asian Development Fund is also important.

49. We are committed to a continuing Enhanced Structural Adjustment Facility (ESAF) as the centerpiece of the International Monetary Fund support for the poorest countries, and we welcome the proposals of the Managing Director of the IMF for greater concessionality in ESAF lending for a limited number of poor and highly indebted countries, as the IMF's contribution to putting them in a sustainable position. We will examine constructively and positively the options for financing the needed subsidies, using primarily resources held by the IMF, without excluding bilateral contributions. If needed, the IMF should consider optimizing its reserves management in order to facilitate the financing of ESAF. This will enable the IMF to hold out to the poorest countries the prospect of macro-economic stability and structural reforms aimed at growth.

50. We welcome progress achieved in the alleviation of the debt problems and the active implementation, by the Paris Club, of the Naples terms. However, for some heavily indebted poor countries, we acknowledge the need for additional action, in particular to reduce debts owing to multilateral institutions and other bilateral creditors that are not members of the Paris Club. Following the proposals developed by the Bretton Woods Institutions, we look forward to a concrete solution being agreed by next Autumn at the latest on the following basis :

- the solution should provide an exit for unsustainable debt and be based on a case by case approach adapted to the specific situation of each country concerned, once it has shown its commitment to pursuing its economic adjustment ;

- the continuation of ESAF will provide the basis for a reduction in the burden of the debt to the IMF for these countries ;

- we welcome the proposal by World Bank management to commit 500 million $ to this initiative and substantial amounts for future years. We will support and work together for an overall World Bank contribution of the order of 2 billion $ for this initiative. We look to the World Bank together with the Regional Development Banks to develop practical funding mechanisms for treating debt owed to these institutions ;

- as concerns bilateral credits, we are committed to work, in conjunction with a maximum possible contribution by the World Bank and the IMF, to achieve financial viability and debt sustainability for all these countries which undertake the necessary adjustment efforts. We acknowledge Official Development Aid debt cancellation already given by some creditor countries. We urge the Paris Club creditor countries, where they deem appropriate, on a case by case basis, to go beyond the Naples terms for these countries. These efforts would include, on a voluntary basis, debt conversion schemes up to 20% instead of currently 10% of the stock of debts, and increased debt alleviation. In parallel, and on the basis of the same assessment, all other bilateral creditors are encouraged to make their own contributions to these countries in terms comparable.

VII. TOWARD SUCCESSFUL INTEGRATION OF COUNTRIES IN TRANSITION INTO THE GLOBAL ECONOMY

51. The end of the cold war has given a decisive impetus to globalization by offering former socialist economies the opportunity to assume their rightful place in the world economy.

52. We welcome the good economic results achieved by many countries in transition which have undertaken macro-economic stabilization and structural reform. Many countries, especially in Central Europe, have pursued resolute stabilization and structural reform programs and have achieved robust growth last year. Other countries which have not yet embraced reform fully lagged behind. Most of the countries of the former Soviet Union started reforms later than Central Europe, but many of them are poised to begin growing this year. We encourage all countries in transition to pursue their economic reforms in order to achieve or consolidate these gains. The EBRD plays an important role in supporting these reforms and we welcome the agreement to increase its capital.

53. We support Ukraine's efforts to continue with political and economic reforms and to further integrate into the world economy. In this respect we welcome the latest agreement with the IMF and encourage Ukraine to fully implement the agreed reform program.

We welcome the Moscow Summit declaration relating to Ukraine and the commitment of President KUCHMA to close reactor n° 1 at Chernobyl by the end of 1996, in the framework of the program to close the whole plant by the year 2000. We reaffirm our commitment to full implementation of the Memorandum concluded with Ukraine, through close cooperation with this country and the international financial institutions. In this regard, we welcome the financial decisions already taken by the international community, and we stress that all parties concerned must respect the agreed agenda of the comprehensive program.

54. We support Russia's ongoing political reform and its commitment to democracy. Economic and political reforms are mutually reinforcing and position Russia to play a more significant role in the global economy. We welcome the agreement between the Russian authorities and the IMF on an EFF. This agreement testifies to Russia's continued commitment to financial stabilization and economic reforms. Russia's economic success and its integration in the world economy depend on full implementation of its commitments. Crucial for economic recovery is now private investment which requires a reliable economic, legal and administrative environment. We welcome the historical agreement between Russia and the Paris Club on a comprehensive medium-term rescheduling of Russia's external debt, which will enable this country to exit from the rescheduling cycle. This agreement will enable discussions to take place between Russia and the members of the Paris Club to see whether conditions could be agreed for Russia's participation as a creditor.

NEXT SUMMIT

55. We have accepted the invitation of the President of the United States to meet in Denver next year./.

Annex III

G7 FINANCE MINISTERS REPORT TO THE HEADS OF STATE AND GOVERNMENT ON INTERNATIONAL MONETARY STABILITY

LYON, 28 June 1996

The dramatic increase in trade and capital flows in the world has deepened economic and financial integration among all countries, and it creates a more complex financial environment, with a greater diversity of capital flows, creditors and borrowers. This process of globalisation creates new opportunities but also challenges for our countries and the international community, especially with regard to our international monetary and financial system.

In this context, the Heads of State and Government concluded at the Halifax summit that : "Close consultation and effective cooperation on macroeconomic policies among the G7 are important elements in promoting sustained non-inflationary growth avoiding the emergence of large external imbalances, and promoting greater exchange market stability", that "we have a shared interest in ensuring the international community remains able to manage the risks inherent in the growth of private capital flows, the increased integration of domestic capital markets, and the accelerating pace of financial innovation" and that "closer international cooperation in the regulation and supervision of financial institutions and markets is essential to safeguard the financial system and prevent an erosion of prudential standards."

In our discussions in Halifax last year we concluded, more specifically, that :

- the most important foundation for exchange rate stability is the maintainance of sound macroeconomic policies aimed at achieving sustained non-inflationary growth and avoiding the emergence of large external or internal imbalances ;

- flexibility in exchange rates of the major currencies is a basic feature of the system because unanticipated events occur, economic fundamentals change, and national financial and economic developments are sufficiently different that they require that policies be able to respond to them ;

- exchange market intervention can be effective and even decisive in specific circumstances, but those circumstances are difficult to determine in advance ;

- there is no effective regulatory structure or tax mechanism that will produce greater exchange rate stability without major costs in terms of other economic objectives.

These conclusions remain valid today.

Our overriding objective is to promote sustained non-inflationary growth. In this context, the G7 can best promote greater stability in exchange markets through the pursuit of appropriate macroeconomic policies along with close cooperation in the exchange markets where appropriate.

For the past two decades, the international monetary system has been based on a flexible exchange rate system among major currencies. There are circumstances when it is appropriate to allow exchange rates among major currencies to fluctuate rather than to adjust monetary and fiscal policies in a manner inconsistent with the needs of the economy.

Experience since 1973 suggests that major exchange rate adjustments have been caused by clearly identifiable changes or distortions in the underlying economic fundamentals or in macroeconomic policies. Efforts to preserve an exchange rate that is inconsistent with underlying fundamentals are likely to introduce distortions to and constraints on central instruments of economic management. At the same time, financial authorities cannot be indifferent to exchange rate fluctuations that do not appear justified on the basis of macro-economic policies or fundamentals and as a consequence could adversely affect output or prices. There are circumstances where close cooperation in exchange markets can reinforce sound economic

policies and enhance stability in exchange markets.

The G7 has an important responsibility in promoting an effective and stable monetary system by advancing policies that will strengthen our capacity to manage risk and prevent crises and improve our ability to respond to such events when they occur. Towards this objective, we have adopted a number of initiatives over the past several years and improvements were initiated at Halifax. This paper reviews the main initiatives, and proposes, where appropriate, further improvements.

More effective macro-economic surveillance in the G7 meetings

It is important to pursue sound domestic economic policies aimed at achieving sustained non-inflationary growth and at avoiding the emergence of excessive external imbalances. Such policies are also a necessary condition for more exchange rate stability and for avoiding -or reducing- exchange rate misalignment. The dramatic deepening in economic integration increases the need for sound economic policies but also the potential gains from cooperation on macro-economic policies. The G7 surveillance process provides a framework for identifying and formulating appropriate responses to risks for our economies and for the stability of the international financial and monetary system.

- Surveillance has been improved by the G7 in the past years, and some encouraging results have been reached in this informal framework :

- we have already achieved some important progress in articulating common economic policy objectives : we have agreed on the critical importance of reducing inflation and have made great progress to this end ; we agreed on the medium-term strategy for fiscal consolidation, which we will continue to pursue vigorously to increase national savings, and to reduce external imbalances. Increased convergence should improve the outlook for sustained exchange rate stability and low long-term interest rates in our countries ;

- In the aftermath of the Mexican crisis, G7 have encouraged an important enhancement of IMF surveillance, which is being implemented (see below).

- We have adopted a number of steps to improve the effectiveness of the G7 surveillance process. Building on these improvements, we would support the following additional steps :

- concentrate the discussion on potential risks to the outlook in the G7 and the appropriate policy response to those challenges. More attention could also be paid to medium-term economic and structural issues ;

- focus more attention on potential risks outside the G7 that could affect the international monetary and financial system, based in part on a presentation by the IMF Managing Director ;

- strengthen cooperation at the Deputies level in preparation for Ministerial meetings with appropriate involvement of central bank deputies and the IMF staff.

- Continuing G7 close cooperation in exchange markets

Exchange rate misalignments can heighten uncertainty in the global economy and can be detrimental to growth and trade. When exchange rates appear to move out of line with underlying fundamentals, close monitoring is necessary and coordinated responses may be required.

- The "orderly reversal" in key exchange rates since April 1995 is a positive and promising development. Several factors lie behind it. Most important were changes in economic policies and fundamentals, but the signals given to the markets by the G7 in 1995, through communiqués and -under appropriate circumstances- concerted intervention, were helpful in providing impetus to bringing exchange rates better in line with fundamental trends.

- We should continue our close cooperation in exchange markets on this foundation, taking into account the fact that :

- a clear and consistent articulation of a common G7 view can have a stabilizing influence and

help reinforce the credibility of our commitment to cooperate in the exchange market when circumstances warrant ;

- interventions can be effective in certain circumstances, especially when they reinforce changes in policies and/or underlying fundamentals that lead to changes in market expectations about future exchange rates ;

- the instrument of intervention must be used judiciously given its implications for monetary policy and the amount that the authorities can mobilize relative to the size of international capital markets. Nevertheless, these factors do not impede our joint ability to send a clear message to the markets, if and when appropriate ;

- interventions are more likely to be effective when they are concerted and reflect a common assessment ;

- an important condition for success is the appropriate timing of intervention.

- Better prudential safeguards in international financial markets

The globalisation of financial markets and the substantial increase in cross-border capital flows have created a more complex financial environment. Comprehensive and effective financial regulation, market-reinforced prudential supervision and enhanced international cooperation among regulators are among the keystones for maintaining stability of the international financial and monetary system.

- Industrial countries have been cooperating in the development of prudential frameworks for many years. The BIS/Basle Committees have taken important steps to develop international standards for prudential supervision of banks and to strengthen payments and settlements systems which link international markets. IOSCO has undertaken similar work for prudential regulation of securities firms and markets. In recent years, banking and securities regulators have increased their contacts at the international level to address supervisory concerns that cut across markets.

- We recognise the substantial recent and ongoing cooperative work between the Basle and IOSCO Committees on derivatives to promote improved risk management, a common reporting framework and improved disclosure practices ;

- We welcome the publication in December 1995 of the Basle Committee capital adequacy standards for bank's exposure to market risk, which will be a very useful complement to existing prudential ratios.

- Nevertheless, the changes in the structure of global finance and the emergence of new participants and markets require the supervisory response, including international cooperation, to evolve continually. We welcome the Basle and IOSCO Committees' reports on prudential regulation and supervisory cooperation. These reports should pave the way for continuing progress on current initiatives and expanding efforts in the following directions :

- Enhance cooperation across markets to strengthen supervision of financial institutions. In this context, we welcome the joint efforts of the Basle and IOSCO Committees to enhance their collaborative arrangements and the work of the Joint Forum of banks, securities and insurance supervisors. Suitable arrangements should be established within which that cooperation can be better organised. It would be useful to clarify the role and responsibilities of the relevant supervisors to foster an appropriate degree of cooperation in the supervision of internationally-active financial institutions, and to establish a more comprehensive network of bilateral arrangements between authorities.

- Strengthen prudential standards in, and supervisory cooperation with, emerging markets. Effective prudential regulation and supervision must cover all important financial marketplaces, particularly those which are experiencing high growth rates and/or substantial capital flows. The Basle and IOSCO Committees are performing work in this area which reinforces bilateral and regional efforts underway. Because emerging markets are growing in significance, these Committees, and other appropriate fora should be encouraged to strengthen their outreach to and cooperation with emerging market supervisors in order

to promote high prudential standards. The International Financial Institutions should give more attention to promoting effective regulatory and supervisory structures in emerging markets ;

· Encourage private sector efforts to enhance market transparency. Notwithstanding past or future regulatory activities, primary responsibility for risk management rests with market participants. Regulators should encourage -and where necessary exert pressure to induce- private sector efforts to enhance market transparency in order to strengthen market forces' capacity for sound and responsible risk taking and control ;

· Improve reporting and disclosure of derivatives activities. Effective monitoring of derivatives activities is crucial, and requires closer cooperation among supervisors. In this regard, we welcome the global market survey conducted in the spring of 1995 by the BIS, and the follow-up action which is being planned. We also look forward to the conclusion this year of a joint Basle/IOSCO approach to reporting standards for derivatives exposure and to further progress in improving derivatives disclosure practices ;

· Enhance cooperation among exchanges. We look forward to implementation of the recommendations in the Windsor Declaration for increasing cooperation among futures exchanges and regulators. We also note with approval the development of information sharing arrangements among securities exchanges and welcome conclusion of an information sharing arrangement among major futures exchanges and relevant regulatory authorities. We also look forward to the IOSCO study of methods to identify large firm exposures that may have an effect on the market and to protect market participants from potential defaults by firms.

· Strengthening of our collective ability to respond to financial crises

The increased integration of global capital markets, the change in magnitude and composition of capital flows, and the increase in the diversity and number of creditors and borrowers present new opportunities and challenges to the financial system. At Halifax, Heads proposed a range of initiatives to strengthen the global financial system, with particular attention to the IMF's role. We strongly welcome their implementation :

· Improvement of the early warning system is being implemented : the IMF's surveillance capabilities have been enhanced ; the IMF has established standards for timely publication of economic and financial data, and subscription on a voluntary basis is underway.

· In order to better respond to crises, an emergency financing mechanism, aiming at faster procedures, has been set up in the IMF ;

· We welcome the agreement in principle reached on a doubling of the resources currently available to the IMF under the General Arrangements to Borrow. These arrangements will include a broader group of countries with the capacity to support the international monetary system. We welcome this sharing of monetary responsibilities, thereby adapting our cooperation to new economic circumstances ;

· We welcome the report of the G-10 Working Party on the Resolution of Sovereign Liquidity Crises ;

· We fully support the ongoing 11th review of IMF quotas to ensure that the IMF continues to have sufficient resources to meet its ongoing responsibilities. We believe it is important for the IMF to remain a quota based institution with the resources necessary to fulfill its important role in the global financial system.

Annex IV

LYON SUMMIT

DECISIONS CONCERNING BOSNIA AND HERZEGOVINA

Lyon, 29 juin 1996

We confirm our support for the Peace Agreement and the establishment of a democratic and pluralistic State of Bosnia and Herzegovina, composed of two Entities.

The prime responsibility for implementing the Peace Agreement lies with the different communities and their leaders. Without compliance and active participation in rebuilding a civil society, they cannot expect that the international community and major donor countries shoulder the main burden of the implementation and reconstruction effort.

Endorsing the conclusions adopted at the Peace Implementation Conference in Florence, we have taken the following decisions :

1. Elections and Institutions

- We shall contribute substantially to the preparation of the elections scheduled by the OSCE on 14 September 1996. To this end, we are increasing our assistance to the OSCE, inter alia by contributing to the deployment of 2,000 observers and the development of independent media.

- The Parties too must play their part and implement the full range of their commitments, including freedom of movement and association, free access for all the candidates to the media and effective arrangements for refugees and displaced persons to exercise their right to vote.

- We recall that according to its resolution 1022, the UN Security Council will terminate the sanctions regime on the tenth day following the occurrence of the first free and fair elections.
- We ask that IFOR's support for the election process be reinforced, including by creating a safe and secure environment, providing logistic assistance and concentrating IFOR's resources where necessary.
- We support the High Representative in his work of preparation with the Parties of the establishment of the new institutions : the collective Presidency, the Council of Ministers, the Parliament, the Constitutional Court and the Central Bank. We shall provide the future authorities with the necessary constitutional and legal assistance. We recommend that the duration of the first term of the institutions of Bosnia and Herzegovina and the Entities be harmonized, by agreement within all the institutions concerned.

2. International War Crimes Tribunal

- All States and Entities have an obligation under the Peace Agreement to cooperate fully with the Tribunal by taking action to arrest indicted persons. All persons indicted by the International Criminal Tribunal for the Former Yugoslavia should appear before the Tribunal in The Hague for trial.

- The presence in public office of indicted war criminals or any attempt by them to seek elective office are open violations of the Peace Agreement. We insist that Mr. Karadzic step down immediately and permanently from all public functions and take no part in governmental decisions. He should transfer all his powers completely to new leadership in the way provided for in the Constitution of Republika Srpska. New leadership of Republika Srpska should demonstrate their willingness to cooperate with the

international community in implementing the Peace Agreement. This would enable the assistance available under it to flow to Republika Srpska.

- Recalling UN Security Council Resolution 1022, including the provisions on sanctions, we support the High Representative and the Commander of IFOR and will, as necessary, act following their recommendations. We are ready to consider the application of sanctions instruments to any Partie to the Peace Agreement.

- Consistent with this obligation of the Parties to cooperate with the International War Crimes Tribunal, we urge them all to implement a broadly based amnesty law.

3. Consolidation Plan

- Noting France's proposal for a 2-year plan of consolidation of the peace process, we endorse the request made by the Peace Implementation Council in Florence on the 14th of June for its Steering Board to elaborate an action agenda stating the aims, the means and the timeframe of this plan for civilian consolidation.

4. Reconstruction

- Economic reconstruction is vital to lasting peace. We call upon all donors to accelerate payment of their pledges for 1996 and to make every effort to disburse at least 50 % of 1996 pledges by December 1996 and 100 % by June 1997. - Economic assistance should be provided to all Parties in Bosnia and Herzegovina depending upon their compliance with the peace process. After the successful holding of elections on September 14, it will be possible to take a decision on the holding of a further Donor Conference.

- We support projects which encourage cooperation and reconciliation. We call on the Parties to develop common economic structures and policies, including a Central Bank and new currency, a common customs policy, a unified payments system, the appropriate distribution of revenues among the State, the Entities and the Cantons.

- In this context, we look forward to the IMF engaging Bosnia and Herzegovina with the aim of reaching agreement on an economic stabilization and reform program.

- We confirm our full support for the High Representative in the exercising of his coordination role.

- We insist that high priority be given to mine-clearing operations, housing for refugees and job creation projects.

5. Refugees and the rule of law

- We demand that the Parties ensure that refugees and displaced persons can return freely and in safety. The early return of refugees will help accelerate the economic recovery of Bosnia and Herzegovina.

- We support the efforts of the UNHCR, including its plan for the return of refugees. The implementation of this plan implies the increase of voluntary contributions.

- IFOR will have to exercise continued vigilance with regard to freedom of movement.

- Reconstruction program should encourage the return of refugees. We recommend giving priority to 19

target areas in 8 regions of Bosnia and Herzegovina and thereby facilitating the return of 185,000 people by the end of this year.

- The question of property rights must be settled rapidly.

- In order to strengthen the rule of law, we are prepared to provide technical legal assistance. We shall ensure that the means available to the International Police Task Force and its effectiveness be increased

6. Regional and Security Issues

- We stress the need to observe the timetable set by the Arms control Agreement signed in Florence on June 14. We shall provide the OSCE with the means to verify the Arms Control Agreement, and closely monitor its implementation.

- More rapid progress must be made to resolve the question of Brcko, beginning with the early agreement by the Parties on a third arbitrator. We urge the Parties to achieve a solution as soon as possible.

- We support initiatives to promote stability, good neighborliness and economic development in South-eastern Europe.

- We ask for the acceleration of the Working Groups' work on national and ethnic communities and minorities, and on questions of succession, and we call upon the States concerned to cooperate fully with them.

7. These decisions should be implemented within the framework of the structures put in place by the Peace Agreement.

Annex V

G7 - Lyon Summit

Declaration on Terrorism

Lyon, 27 June 1996

In the aftermath of the cowardly attack on Dhahran, which took the life of a large number of American citizens and injured hundreds of innocent people, we, the Member Countries of the G7, condemn this barbarous and unjustifiable act and express our wholehearted solidarity with the United States and Saudi Arabia in their terrible ordeal. We pay tribute to the memory of the victims and convey our deepest sympathy to their families, as well as to the American and Saudi peoples. We also condemn other recent terrorist outrages.

These tragedies strengthen us in our conviction that terrorism is a major challenge to all our societies and States today. We reaffirm our absolute condemnation of terrorism in all its forms and manifestations, regardless of its perpetrators or motives. Terrorism is a heinous crime, and there must be no excuse or exception in bringing its perpetrators to justice.

We proclaim our common resolve to unite our efforts and our determination to fight terrorism by all legal means. In keeping with the guidelines for action adopted by the Eight in Ottawa, we strongly urge all States to deny all support to terrorists. We rededicate ourselves and invite others to associate our efforts in order to thwart the activities of terrorists and their supporters, including fund-raising, the planning of terrorist acts, procurement of weapons, calling for violence, and incitements to commit terrorist acts. Special attention should be paid to the threat of utilisation of nuclear biological and chemical materials, as well as toxic substances, for terrorist purposes.

We consider the fight against terrorism to be our absolute priority, and reiterate the necessity for all States to adhere to the relevant international conventions. When implemented, many of the recommendations the Eight will be considering tomorrow to deal with crime will better equip our law enforcement authorities to work together to combat terrorism. And we are resolved to do more: to examine and implement, in cooperation with all States, all measures liable to strengthen the capacity of the international community to defeat terrorism. To that end, we have decided that a ministerial meeting to consider and recommend further actions will be held in Paris, as early as the month of July./.

UNITED NATIONS **S**

Security Council

Distr.
GENERAL

S/1996/544
11 July 1996
ENGLISH
ORIGINAL: ENGLISH, FRENCH AND RUSSIAN

Draft resolution

The Security Council,

Reaffirming all its relevant resolutions, in particular resolution 1036 (1996) of 12 January 1996,

Having considered the report of the Secretary-General of 1 July 1996 (S/1996/507 and Add.1),

Noting with deep concern the continued failure by the parties to resolve their differences due to the uncompromising position taken by the Abkhaz side, and underlining the necessity for them to intensify without delay their efforts, under the auspices of the United Nations and with the assistance of the Russian Federation as facilitator, to achieve an early and comprehensive political settlement of the conflict, including on the political status of Abkhazia within the State of Georgia, which fully respects the sovereignty and territorial integrity of Georgia,

Reaffirming the necessity for the parties strictly to respect human rights, and expressing its support for the Secretary-General's efforts to find ways to improve their observance as an integral part of the work towards a comprehensive political settlement,

Noting that the Moscow Agreement of 14 May 1994 on a Cease-fire and Separation of Forces (S/1994/583, annex I) has generally been respected by the parties with the assistance of the Collective Peace-keeping Forces of the Commonwealth of Independent States (CIS peace-keeping force) and the United Nations Observer Mission in Georgia (UNOMIG),

Commending the contribution UNOMIG and the CIS peace-keeping force have made to stabilize the situation in the zone of conflict and stressing the importance of continued close cooperation and coordination between them in the performance of their respective mandates,

Deeply concerned at the deterioration of the security conditions in the Gali region and of the safety and security of the local population, of the refugees and displaced persons returning to the region and of UNOMIG and CIS peace-keeping force personnel,

Reminding the parties that the international community's ability to assist them depends on their political will to resolve the conflict through dialogue and mutual accommodation, as well as their full cooperation with UNOMIG and the CIS peace-keeping force, including the fulfilment of their obligations regarding the safety and freedom of movement of international personnel,

Taking note of the decision taken by the Heads of State of the CIS of 17 May 1996 (S/1996/371, annex I),

Noting that the Heads of State of the CIS will consider the extension of the mandate of the CIS peace-keeping force beyond 19 July 1996,

1. Welcomes the report of the Secretary-General of 1 July 1996;

2. Expresses its deep concern at the continued deadlock in the efforts to achieve a comprehensive settlement of the conflict in Abkhazia, Georgia;

3. Reaffirms its commitment to the sovereignty and territorial integrity of Georgia, within its internationally recognized borders, and to the necessity of defining the status of Abkhazia in strict accordance with these principles, and underlines the unacceptability of any action by the Abkhaz leadership in contravention of these principles;

4. Reaffirms its full support for the efforts of the Secretary-General and his Special Envoy aimed at achieving a comprehensive political settlement of the conflict, including on the political status of Abkhazia within the State of Georgia, respecting fully the sovereignty and territorial integrity of Georgia, as well as for the efforts that are being undertaken by the Russian Federation in its capacity as facilitator to continue to intensify the search for a peaceful settlement of the conflict, and encourages the Secretary-General to intensify his efforts, with the assistance of the Russian Federation as facilitator, and with the support of the Organization for Security and Cooperation in Europe (OSCE), to that end;

5. Calls upon the parties, in particular the Abkhaz side, to achieve substantive progress without further delay towards a comprehensive political settlement, and further calls upon them to cooperate fully with the efforts undertaken by the Secretary-General, with the assistance of the Russian Federation as facilitator;

6. Reaffirms the right of all refugees and displaced persons affected by the conflict to return to their homes in secure conditions in accordance with international law and as set out in the Quadripartite Agreement of 14 April 1994 on voluntary return of refugees and displaced persons (S/1994/397, annex II), condemns the continued obstruction of that return by the Abkhaz side, and stresses the unacceptability of any linkage of the return of refugees and displaced persons with the question of the political status of Abkhazia, Georgia;

7. Demands that the Abkhaz side accelerate significantly the process of voluntary return of refugees and displaced persons without delay or preconditions, in particular by accepting a timetable on the basis of that

proposed by the Office of the United Nations High Commissioner for Refugees (UNHCR), and further demands that it guarantee the safety of spontaneous returnees already in the area and regularize their status in cooperation with the UNHCR and in accordance with the Quadripartite Agreement, in particular in the Gali region;

8. Recalls the conclusions of the Budapest summit of the Conference on Security and Cooperation in Europe (S/1994/1435, annex) regarding the situation in Abkhazia, Georgia, and affirms the unacceptability of the demographic changes resulting from the conflict;

9. Condemns ethnically motivated killings and other ethnically related acts of violence;

10. Condemns the laying of mines in the Gali region, which has already caused several deaths and injuries among the civilian population and the peace-keepers and observers of the international community, and calls upon the parties to take all measures in their power to prevent mine laying and to cooperate fully with UNOMIG and the CIS peace-keeping force in order to honour their commitments to ensure the safety and the freedom of movement of all personnel of the United Nations, the CIS peace-keeping force and international humanitarian organizations;

11. Encourages the Secretary-General to take the necessary steps in response to the threat posed by the laying of mines in order to improve security conditions so as to minimize the danger to UNOMIG personnel and to create conditions for the effective performance of its mandate;

12. Decides to extend the mandate of UNOMIG for an additional period terminating on 31 January 1997 subject to a review by the Council of the mandate of UNOMIG in the event of any changes that may be made in the mandate of the CIS peace-keeping force;

13. Expresses its full support for the implementation of a concrete programme for the protection and promotion of human rights in Abkhazia, Georgia, and requests the Secretary-General to report to the Council by 15 August 1996 on possible arrangements for the establishment of a human rights office in Sukhumi;

14. Reiterates its encouragement to States to contribute to the voluntary fund in support of the implementation of the Agreement on a Cease-fire and Separation of Forces signed in Moscow on 14 May 1994 and/or for humanitarian aspects including demining, as specified by the donors;

15. Requests the Secretary-General to consider the means of providing technical and financial assistance aimed at the reconstruction of the economy of Abkhazia, Georgia, following the successful outcome of the political negotiations;

16. Requests the Secretary-General to continue to keep the Council regularly informed and to report after three months from the date of the adoption of this resolution on the situation in Abkhazia, Georgia, including the operations of UNOMIG;

17. Decides to remain actively seized of the matter.

UNITED
NATIONS

S

Security Council

Distr.
GENERAL

S/1996/545
11 July 1996
ENGLISH
ORIGINAL: ENGLISH, FRENCH
AND RUSSIAN

Draft resolution

The Security Council,

Recalling its earlier relevant resolutions, and in particular its resolutions 779 (1992) of 6 October 1992, 981 (1995) of 31 March 1995, 1025 (1995) of 30 November 1995, and 1038 (1996) of 15 January 1996,

Having considered the report of the Secretary-General of 27 June 1996 (S/1996/502),

Reaffirming once again its commitment to the independence, sovereignty and territorial integrity of the Republic of Croatia,

Noting the Joint Declaration signed at Geneva on 30 September 1992 by the Presidents of the Republic of Croatia and the Federal Republic of Yugoslavia which reaffirmed their agreement concerning the demilitarization of the Prevlaka peninsula, emphasizing the contribution that this demilitarization has made to the decrease of tension in the region, and stressing the need for the Republic of Croatia and the Federal Republic of Yugoslavia to agree on a settlement which would peacefully resolve their differences,

Stressing the importance it places on mutual recognition among the successor States to the former Socialist Federal Republic of Yugoslavia, within their internationally recognized borders,

Determining that the situation in Croatia continues to constitute a threat to international peace and security,

1. Authorizes the United Nations military observers to continue monitoring the demilitarization of the Prevlaka peninsula, in accordance with resolutions 779 (1992) and 981 (1995) and paragraphs 19 and 20 of the report of the Secretary-General of 13 December 1995 (S/1995/1028*), until 15 January 1997;

2. Urges the parties to abide by their mutual commitments and to continue their negotiations with a view to normalizing fully their bilateral relations, which are critical for the establishment of peace and stability throughout the region;

3. Requests the Secretary-General to submit to the Council by 5 January 1997 a report for its early consideration on the situation in the Prevlaka peninsula as well as on progress made by the Republic of Croatia and the Federal Republic of Yugoslavia towards a settlement which would peacefully resolve their differences;

4. Encourages the parties to adopt the practical options proposed by the United Nations military observers to reduce tension, as referred to in the report of the Secretary-General of 27 June 1996;

5. Requests the United Nations military observers and the multinational implementation force (IFOR) authorized by the Council in resolution 1031 (1995) of 15 December 1995 to continue to cooperate fully with each other;

6. Decides to remain actively seized of the matter.

UNITED
NATIONS

S

Security Council

Distr.
GENERAL

S/1996/546
11 July 1996

ORIGINAL: ENGLISH

LETTER DATED 11 JULY 1996 FROM THE EXECUTIVE CHAIRMAN OF THE SPECIAL COMMISSION ESTABLISHED BY THE SECRETARY-GENERAL PURSUANT TO PARAGRAPH 9 (b) (i) OF SECURITY COUNCIL RESOLUTION 687 (1991) ADDRESSED TO THE PRESIDENT OF THE SECURITY COUNCIL

I have the honour to refer to the letter dated 15 June 1996 from the Permanent Representative of Iraq to the United Nations addressed to the President of the Security Council (S/1996/436). The annex to that letter contained Iraq's account of the incidents which had occurred on 14 June 1996, on which I reported orally to the Council, regarding the United Nations helicopter being flown that day in support of the inspection team UNSCOM 150.

I have today addressed the attached letter to the Deputy Prime Minister of Iraq (see annex), forwarding the report to me by the Chief Inspector of UNSCOM 150 on the matter (see enclosure). In order to complete and set the record straight regarding these incidents, I should be most grateful if you would have the text of the present letter and its annex circulated as a document of the Security Council.

(Signed) Rolf EKÉUS
Executive Chairman

96-17261 (E) 110796 120796

/...

Annex

Letter dated 11 July 1996 from the Executive Chairman of the Special Commission established by the Secretary-General pursuant to paragraph 9 (b) (i) of Security Council resolution 687 (1991) addressed to the Deputy Prime Minister of Iraq

I have studied the findings of the inquiry which you instituted into the incident involving the Special Commission's helicopter on 14 June 1996, and which was communicated to the Security Council on 15 June 1996 (S/1996/436).

In the light of your communication, I believe that it is necessary for me to set the record straight. In this regard, I am transmitting herewith, for your information, the report which I received from the Chief Inspector of UNSCOM 150 on this incident. It is my intention to request that the present letter and the attached report be brought to the attention of the Security Council in the same manner as the communication from your Government regarding this incident.

(Signed) Rolf EKÉUS
Executive Chairman

Enclosure

Report by the Chief Inspector of UNSCOM 150 on the helicopter incident of 14 June 1996

1. The Special Commission's Aerial Inspection Team (AIT) was requested by the Chief Inspector of UNSCOM 150 to fly a helicopter mission in support of inspection activities at two military sites south-west of Baghdad (site designates 8 and 14) on the morning of 14 June. Iraq had blocked entry to those sites since 1400 hours local time on 13 June. The flight boxes, indicating the area of operations, were provided to the Iraqi authorities on 13 June. No objections to the overflight of any sites within those boxes were raised.

2. The AIT helicopter departed Rashid airbase at 0802 hours on 14 June and first flew to the vicinity of site 8. At 0833 hours, the Iraqi pilot on board the UNSCOM helicopter formally denied overflight access to site 8 on the grounds that it was a sensitive military installation. The helicopter then moved to the vicinity of site 14 but overflight access was also denied at 0840 hours. The AIT chief inspector protested to the Iraqi representative on board the UNSCOM helicopter, stating that Iraq's denial of overflight rights was in violation of Iraq's obligations under the relevant Security Council resolutions.

3. In order to gain the necessary time to discuss the evolving situation with the Iraqi authorities, in particular Brigadier General Hossam Amin, Director of the National Monitoring Directorate, at 0858 hours the Chief Inspector instructed the AIT helicopter to fly north of the old Jordan Road in the vicinity of site 8, following a path which had been used by UNSCOM helicopters in that area and had been accepted by Iraq during previous inspections. At 0900 hours, the AIT was informed that they were not allowed to fly that path and should continue to stay approximately 6 kilometres south-west of site 14. While the Chief Inspector was trying to get in touch with Brigadier Hossam Amin over the telephone, the UNSCOM 150 ground element positioned around site 8 observed that Iraqi soldiers were manning an anti-aircraft gun position close to the site and in the helicopter flight path. The team's attempt to videotape these events was interrupted by Iraqi minders. Iraqi soldiers appeared carrying weapons. The UNSCOM 150 Deputy Chief Inspector, who was at site 8, requested an explanation from the Iraqi representatives as to why the anti-aircraft guns were being manned while the UNSCOM helicopter was flying nearby. The Iraqi representatives claimed that the guns were manned 24 hours a day. However, they could not provide an explanation as to why the positions had not been manned that morning before the arrival of the UNSCOM helicopter. A military commander on site agreed that the positions would not be manned during any further helicopter flights. As the manning of the anti-aircraft gun positions was deemed a threatening action against UNSCOM personnel and helicopter, the Chief Inspector, together with the UNSCOM helicrew Commander, took a decision at 0924 hours to return the helicopter to base. Iraq's actions were strongly protested by the UNSCOM 150 Chief Inspector to Brigadier Hossam Amin. The latter reaffirmed Iraq's position that the helicopter would not be allowed to overfly both sites and he claimed, contrary to what had been observed by the UNSCOM 150 ground element, that the anti-aircraft position had not been manned.

4. At 1050 hours, Brigadier Hossam Amin informed the UNSCOM 150 Chief Inspector that Iraq had reversed its decision and would allow the UNSCOM helicopter to directly overfly site 14. As for site 8, the helicopter would only be allowed to fly north of the old Jordan Road, some distance away from the actual site. In both cases, Iraq continued to deny UNSCOM its rights to photograph and videotape the sites. The Chief Inspector nevertheless decided to take this opportunity to organize a second flight in order to assist the ground team in the securing and visual observation of the sites. The new flight started at 1220 hours.

5. The UNSCOM helicopter arrived over site 14 at 1238 hours. At 1140 hours, the ground element at site 8 had reported that only one anti-aircraft gun was manned while two others remained unmanned. At 1230 hours, all three positions were manned. The team attempted to videotape and take still photos of the situation at the anti-aircraft gun positions but were again prevented from doing so by the Iraqis. At 1322 hours, the UNSCOM 150 representative on site held discussions with the Iraqi representatives. He protested the Iraqi actions and reminded his counterpart that they had made a promise not to man the anti-aircraft positions while the UNSCOM helicopter was flying its mission. Nevertheless, the Iraqi military refused to bring the soldiers down from the anti-aircraft positions. They claimed that what was under way was just a training exercise. The Chief Inspector contacted Brigadier Hossam Amin over the telephone, brought the situation to his attention and asked him to resolve the problem. Brigadier Hossam Amin stated that it would not be possible to have the anti-aircraft positions unmanned and that the soldiers would remain with their guns. He explained that this was because of a security alert, although he stated that no orders had been given to the anti-aircraft gun personnel to threaten the UNSCOM helicopter. The Chief Inspector did not find this statement sufficient to assure the safety of the flight and instructed the helicopter not to fly over site 8. After the completion of its mission over site 14, the helicopter departed the site at 1500 hours and returned to base. Around this time, the Iraqi military started to unman the anti-aircraft positions, and by 1520 hours only one soldier remained with the anti-aircraft guns near site 8.

6. Comparing the helicopter activities and subsequent Iraqi actions, it is obvious that the manning of the anti-aircraft positions was related to the UNSCOM helicopter's mission to overfly site 8. Iraq also prevented the UNSCOM helicopter from flying directly over site 8. The AIT was furthermore denied its rights to videotape and photograph the sites under inspection.

7. The Iraqi authorities were fully aware of UNSCOM's concerns over the safety of its helicopter in conducting this mission. Both in the morning and the afternoon, the issue was specifically brought to the attention of the Iraqi representatives. The Iraqi authorities clearly understood what anti-aircraft weapon positions were involved in the incidents. The Chief Inspector and the UNSCOM representatives on the ground clearly made their demands for the anti-aircraft gun positions to be unmanned before the helicopter flight. Both in the morning and in the afternoon, the Iraqi authorities refused to do so although they had specifically promised to keep anti-aircraft gun positions unmanned while the UNSCOM helicopter was in the air after the morning incident. The Iraqi authorities were thus not only in violation of their obligations under the Security Council resolutions but also of their own specific undertakings in the course of the day of 14 June.

UNITED
NATIONS

S

Security Council

Distr.
GENERAL

S/1996/547
12 July 1996

ORIGINAL: ENGLISH

NOTE VERBALE DATED 10 JULY 1996 FROM THE PERMANENT REPRESENTATIVE OF AUSTRALIA TO THE UNITED NATIONS ADDRESSED TO THE SECRETARY-GENERAL

The Permanent Representative of Australia to the United Nations presents his compliments to the Secretary-General of the United Nations and has the honour, in conformity with paragraph 3 of Security Council resolution 1054 (1996) of 26 April 1996, to inform him of the measures taken by Australia to implement the provisions of that paragraph.

The Government of Australia has amended its Migration Regulations and instructed all diplomatic missions and consulates of Australia abroad to restrict visas for entry into and transit through Australia to any person who is a member or an official of the Government of the Sudan or a member of the armed forces of the Sudan, until further notice. In respect of subparagraph 3 (a) of the above-mentioned resolution, the Sudan has no diplomatic mission in Australia and Australia has no embassy in the Sudan.

96-17392 (E) 120796 130796

UNITED
NATIONS

S

Security Council

Distr.
GENERAL

S/1996/548
12 July 1996

ORIGINAL: ENGLISH

NOTE VERBALE DATED 1 JULY 1996 FROM THE PERMANENT REPRESENTATIVE OF POLAND TO THE UNITED NATIONS ADDRESSED TO THE SECRETARY-GENERAL

The Permanent Representative of the Republic of Poland to the United Nations presents his compliments to the Secretary-General of the United Nations and has the honour, with reference to his note dated 15 May 1996, to inform him of the following:

Since Poland has no diplomatic representation in the Sudan and the Sudan has no diplomatic representation in Poland, no action has been deemed necessary by the Polish Government for the implementation of paragraph 3 (a) of resolution 1054 (1996).

As to paragraph 3 (b) of the resolution, Poland will restrict issuing entry or transit visas for members of the Government of the Sudan, officials of that Government and members of the Sudanese armed forces. Furthermore, to date, no person who can be qualified as belonging to these categories has entered or transited through the territory of the Republic of Poland.

96-17398 (E) 120796 130796

UNITED
NATIONS

S

Security Council

Distr.
GENERAL

S/1996/549
12 July 1996

ORIGINAL: ENGLISH

NOTE VERBALE DATED 10 JULY 1996 FROM THE PERMANENT MISSION OF LITHUANIA TO THE UNITED NATIONS ADDRESSED TO THE SECRETARY-GENERAL

The Permanent Mission of the Republic of Lithuania presents its compliments to the Secretary-General of the United Nations and has the honour to refer to his note of 15 May 1996 on the implementation of Security Council resolution 1054 (1996) of 26 April 1996.

Since Lithuania and the Sudan have no diplomatic missions or consular posts in their respective territories, the provisions of paragraph 3 (a) of resolution 1054 (1996) are not applicable.

Pursuant to paragraph 3 (b) of resolution 1054 (1996), the Government of the Republic of Lithuania has taken all necessary measures to restrict the entry into and transit through the territory of Lithuania by members of the Government of Sudan, officials of the Government and members of the Sudanese armed forces.

96-17404 (E) 120796 130796

UNITED
NATIONS

S

Security Council

Distr.
GENERAL

S/1996/550
12 July 1996

ORIGINAL: ENGLISH

NOTE VERBALE DATED 11 JULY 1996 FROM THE PERMANENT MISSION OF UGANDA TO THE UNITED NATIONS ADDRESSED TO THE SECRETARY-GENERAL

The Permanent Mission of the Republic of Uganda to the United Nations presents its compliments to the Secretary-General of the United Nations and, with reference to the note verbale dated 15 May 1996 concerning Security Council resolution 1054 (1996), has the honour to inform him that Uganda currently has no diplomatic relations with the Sudan.

The Mission also wishes to inform him that Uganda has decided, as a further measure, to restrict entry into and exit through its territory of all Sudanese nationals. All Sudanese nationals will henceforth be required to obtain visas before entering Uganda at all border points.

96-17410 (E) 120796 130796

UNITED
NATIONS

A S

General Assembly
Security Council

Distr.
GENERAL

A/51/211
S/1996/551
16 July 1996

ORIGINAL: ENGLISH

GENERAL ASSEMBLY
Fifty-first session
Items 21 (b), 38, 41, 97 (a), (c), (d) and (e), 98 and 101 (b) of the preliminary list*
STRENGTHENING OF THE COORDINATION OF HUMANITARIAN AND DISASTER RELIEF ASSISTANCE OF THE UNITED NATIONS, INCLUDING SPECIAL ECONOMIC ASSISTANCE: SPECIAL ECONOMIC ASSISTANCE TO INDIVIDUAL COUNTRIES OR REGIONS
COOPERATION BETWEEN THE UNITED NATIONS AND THE ORGANIZATION FOR SECURITY AND COOPERATION IN EUROPE
SUPPORT BY THE UNITED NATIONS SYSTEM OF THE EFFORTS OF GOVERNMENTS TO PROMOTE AND CONSOLIDATE NEW OR RESTORED DEMOCRACIES
SUSTAINABLE DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION: TRADE AND DEVELOPMENT; INTEGRATION OF THE ECONOMIES IN TRANSITION INTO THE WORLD ECONOMY; INDUSTRIAL DEVELOPMENT COOPERATION; AND CULTURAL DEVELOPMENT
ENVIRONMENT AND SUSTAINABLE DEVELOPMENT
AGENDA FOR DEVELOPMENT: RENEWAL OF THE DIALOGUE ON STRENGTHENING INTERNATIONAL ECONOMIC COOPERATION FOR DEVELOPMENT THROUGH PARTNERSHIP

SECURITY COUNCIL
Fifty-first year

Note verbale dated 11 July 1996 from the Permanent Mission of Bulgaria to the United Nations addressed to the Secretary-General

The Permanent Mission of the Republic of Bulgaria to the United Nations has the honour to request that the annexed Sofia Declaration on Good-Neighbourly

* A/51/50.

96-17609 (E) 230796 240796

/...

Relations, Stability, Security and Cooperation in the Balkans, adopted at the meeting of the Ministers for Foreign Affairs of the Countries of South-Eastern Europe, held at Sofia, on 6 and 7 July 1996 (see annex I), as well as the address by H.E. Mr. Jean Videnov, Prime Minister of the Republic of Bulgaria to the participants in the meeting (see annex II) and the Chairman's summary (see annex III) be issued as an official document of the fifty-first session of the General Assembly, under the items 21 (b), 38, 41, 97 (a), (c), (d) and (e), 98 and 101 (b), of the preliminary list, and of the Security Council.

ANNEX I

Sofia Declaration on Good-Neighbourly Relations, Stability, Security and Cooperation in the Balkans, adopted at the meeting of the Ministers for Foreign Affairs of the Countries of South-Eastern Europe, held at Sofia, on 6 and 7 July 1996

The Ministers for Foreign Affairs and heads of delegations of countries of South-Eastern Europe met at Sofia on 6 and 7 July 1996. Ministers Theodor Melescanu, Milan Milutinovic, Theodoros Pangalos, Gueorgui Pirinski, Under-Secretary Onur Oymen, Deputy-Ministers Dr. Hasan Dervishbegovic and Arian Starova attended.

Representatives of Austria, as Chairman-in-Office of the Central European Initiative (CEI); Croatia; France; Germany; Hungary; Ireland, as Presidency of the European Union (EU); Italy; Russian Federation, also in its capacity of Chairman of the Black Sea Economic Cooperation (BSEC); Slovenia; Switzerland, as Chairman-in-Office of the Organization for Security and Cooperation in Europe (OSCE); United Kingdom of Great Britain and Northern Ireland; United States of America; the High Representative Carl Bildt, the Secretary-General of the Council of Europe, Daniel Tarschys, representatives of the United Nations, the Economic Commission for Europe (ECE), the European Community (EC), the European Bank for Reconstruction and Development (EBRD) and the World Bank also attended.

The Prime Minister of the Republic of Bulgaria, Mr. Jean Videnov, addressed the meeting.

Messages to the meeting were received from Russian President Boris Yeltsin, United States President William Clinton, United Nations Secretary-General Boutros Boutros-Ghali, French Prime Minister Alain Jupé, President of EC Jacques Santer, Russian Minister for Foreign Affairs and Chairman of the Black Sea Economic Cooperation (BSCE) Region Evgueni Primakov, Austrian Minister for Foreign Affairs and Chairman-in-Office of the Central European Initiative (CEI) Wolfgang Schüssel.

The Ministers for Foreign Affairs convened their meeting at a time of crucial importance for the future of the region. Time has come for a new beginning of inter-State relations between the countries of the region and for developing a comprehensive multilateral cooperation. They pointed out that as a result of the profound changes in Europe, which started in 1989, the principles of democracy and market economy, respect for fundamental human rights and freedoms and the rule of law have become common values. With peace in Bosnia and Herzegovina, a window of historic opportunity opens to fulfil the hopes and expectations of their peoples to live in lasting peace and prosperity.

The Ministers pointed out that multilateral cooperation in the Balkans has its pre-history and traditions. The meetings of the Foreign Ministers of the Balkan countries in Belgrade in 1988 and in Tirana in 1990 indicated substantial interest and introduced prospects to engage in a broad range of activities in the political, economic and humanitarian fields.

Taking into consideration positive past experience and new developments, the Ministers committed themselves that every effort shall be made to transform the region into an area of stability, security and cooperation in line with the general developments throughout Europe. These endeavours are aimed at contributing to the construction of a new Europe - a Europe of democracy, peace, unity and stability, thus enabling all nations in the region to live together in peace with each other as good neighbours.

The Ministers agreed to launch a comprehensive process of multilateral cooperation in the following areas:

- Enhancing good-neighbourly relations including confidence- and security-building measures;

- Development of economic cooperation through cross-border cooperation, upgrading transport, telecommunications and energy infrastructures, trade and investment promotion;

- Development of humanitarian, social and cultural contacts;

- Cooperation in the field of justice, the combating of organized crime, illicit drug and arms trafficking and the elimination of terrorism.

The Ministers stressed the importance of the improvement of multilateral political dialogue and cooperation at all levels and on all issues of common interest. They took note of the idea to establish a consultative assembly of the parliaments of the participating States.

The Ministers considered the prospects for multilateral cooperation in European perspective and as deriving from the common aspirations of each country of the region to integrate into Europe. In this connection they expressed their readiness to interact with other initiatives for regional cooperation in South-Eastern Europe with mutually reinforcing effect, stressing particularly the significance of the initiative of the European Union as well as the South-East European Cooperative Initiative. They also stated their willingness to develop cooperation on matters of common interest with the countries of the Black Sea Economic Cooperation and the Central European Initiative.

ENHANCING STABILITY, SECURITY AND GOOD-NEIGHBOURLINESS

Good-neighbourly relations

The Ministers pointed out that lasting good-neighbourly relations between the countries of the region based on universally recognized principles of inter-State relations set forth in the Charter of the United Nations, the Helsinki Final Act and the Paris Charter for a New Europe, are indispensable prerequisites for promoting the comprehensive process of multilateral cooperation. In this respect they expressed their determination to respect and put into practice all 10 principles - sovereign equality, respect for rights inherent in sovereignty, refraining from the threat of use of force, inviolability of frontiers, territorial integrity of States, peaceful settlement

of disputes, non-interference in internal affairs, respect for human rights and fundamental freedoms, including the freedom of thought, conscience, religion or belief, equal rights and self-determination of peoples, cooperation among States, fulfilment in good faith of obligations under international law. They stressed that all principles apply equally and unreservedly, each of them being interpreted taking into account the others. They focused on the importance of implementing General Assembly resolutions 48/84 B and 50/80 B on developing of good-neighbourly relations among Balkan States.

They also expressed support to the ongoing process of full normalization of the relations between the countries of the former Yugoslavia and the favourable conditions it creates for promoting good-neighbourly relations.

Confidence- and security-building measures

The Ministers shared the view that confidence- and security-building measures are of particular importance for enhancing peace and stability in the Balkans.

They stressed the significance of bilateral confidence- and security-building measure agreements signed so far, complementary to the Vienna Document 1994.

They agreed on the need for exploring the potential for developing confidence- and security-building measures with a regional scope of application.

They expressed support for a meeting of the Ministers of Defence of the Balkan States to be held at Sofia.

Overall implementation of the peace agreement

The Ministers stressed the importance of the General Framework Agreement for Peace in Bosnia and Herzegovina for enhancing stability and security in the region and the need for its full and strict implementation by the signatory parties. They confirmed the willingness of their respective countries to contribute to the consolidation of the peace process in all its aspects. They shared the view that multilateral cooperation in the Balkans will effectively contribute to the success of the peace implementation process. They expressed their understanding that constructive joint efforts by both the international community and the countries of the region, give new prospects for solving unsettled issues and differences and for transforming this part of Europe into a region of lasting peace and cooperation.

The Ministers emphasized that rapid reconstruction and economic recovery, with equal respect for interests and needs of all parties, is of prime importance for the lasting peace and stability in Bosnia and Herzegovina.

The Ministers stressed the importance of holding the elections in Bosnia and Herzegovina within the deadline set in the peace agreement. Free and

democratic elections represent a foundation of bodies and institutions, rebuilding confidence and common life in Bosnia and Herzegovina.

The Ministers commended the signing of the Agreement on the Subregional Arms Control in Florence on 14 June 1996, which they assessed as a major contribution to the implementation of the Dayton Agreement and the strengthening of the peace process.

They stressed that the countries of the region have the potential to contribute to the success of the economic reconstruction through appropriate arrangements.

DEVELOPING MULTILATERAL REGIONAL ECONOMIC COOPERATION

The Ministers noted the existing potential for developing multilateral economic cooperation, despite the difficulties of economic transition or post-conflict reconstruction that various countries of the region are facing today. They emphasized the importance of accelerated development of regional economic cooperation for achieving lasting stability in the whole region. Efforts should be made for introducing European norms and standards in the field of production, investment, transfer of technologies, financing and trade with the objective of integrating most of the economies of their countries into the European economy.

Cross-border cooperation

The Ministers agreed to promote the development of cross-border cooperation on a bilateral and multilateral basis in the framework of the relevant EU programmes, including the elaboration of a regional programme for its development with the assistance of EU and other international organizations and institutions. Such a programme will be directed towards the implementation of projects for improving border infrastructure, including road and railway communications with the border-crossing points, opening new border-check points, promotion of cross-border trade and tourism, protection of the environment. This cooperation will be developed on three different levels: State to State; region to region; people to people. The Ministers recommended to hold a meeting of the aid coordinators from their countries to analyse the state of implementation of existing programmes, identify priority projects of trans-regional dimension, identify the national contributions of the different countries and elaborate new joint projects to be submitted for possible financing to the European Community.

Transport, telecommunications and energy infrastructure

The Ministers stressed the necessity of accelerated infrastructure development in the region as an important factor for trade expansion, economic growth, as well as for overall regional stability. They reaffirmed the readiness of their countries to upgrade and modernize the transport, telecommunications and energy infrastructure in the region in interaction with

the countries of the Black Sea Economic Cooperation and the Central European Initiative.

To this end they expressed their support for setting up a Trans-regional Centre for Transport Infrastructure in Sofia.

They also stressed the importance of the meeting of the Ministers of Transport of the BSEC participating States and the countries of CEI, which will be held in November 1996, according to the decisions of the BSEC Ministerial Meeting in Bucharest. They focused on the importance of the European Crete corridors passing through the region. They agreed to work jointly with the EU, G-24 and ECE on the issues of infrastructure development, attracting investments and integrating the region in the Trans-European Networks.

The Ministers also noted the importance of developing the transport infrastructure of the region and expressed their appreciation to the relevant ECE agreements; harmonizing the transport legislation of the countries of the region with EU legislation in that field, facilitating transport operations on bilateral basis, etc.

The Ministers took note of the idea for the establishment of a Balkan Agency for Transport Safety, which would be based on the European policy of integration and harmonization of the system of flight control.

The development of cooperation in the field of telecommunications and postal services, was defined as encouraging, as well as the steps to set up a Telecommunications coordination committee, a Balkan Postal Pool and other initiatives, undertaken at the April 1996 meeting of the Ministers of the Balkan countries responsible for posts and telecommunications.

Promotion of trade and investments

The Ministers discussed questions related to the promotion of trade and investment. They recommended the elaboration of measures for further trade facilitation, harmonizing of trade practices and in general encouraging regional trade.

The Ministers agreed to improve customs authorities cooperation through the conclusion of relevant agreements in order to establish more efficient customs clearance procedures. They also noted that a positive contribution to further promotion of regional cooperation could be the conclusion of bilateral agreements on free trade areas in conformity with EU regulations as applicable, and in line with the provisions of the World Trade Organization's agreements.

The Ministers agreed to support the activities of the Association of the Balkan Chambers of Commerce as an important venue for promoting the common interests of the business community in the region to expand and liberalize trade and for economic cooperation. The idea of creating a Regional Centre for Trade Promotion in one of the participating countries, to analyse trade policies in view of their harmonization and further liberalization was supported.

The Ministers confirmed the necessity for joint efforts aimed at creating a climate more conducive to attracting investments to the region, encouraging and promoting economic growth throughout the region. They underlined the importance of concluding agreements in the fields of protection and encouragement of investments and prevention of double taxation among the countries of the region.

The Ministers called for the international financial institutions, the EU and individual countries with a considerable investment potential to take part in this process through joint initiatives including economic conferences, business forums, etc.

Protection of the environment

The Ministers confirmed the necessity of promoting regional cooperation in the environmental protection on the basis of bilateral and multilateral instruments as well as the Declaration of the Ministers of environment from the region of the ECE, adopted by the Third Ministerial Conference on "Environment for Europe" of October 1995. The need for common endeavours was noted with regard to the transboundary impact of air pollution and the effects of industrial and nuclear accidents as well as transshipment of hazardous wastes. In this respect the importance of assessing the transboundary environmental impact was emphasized.

In this context the Ministers called on the international financial institutions, G-24 and other relevant international organizations to support initiatives and projects of the countries in the area.

PROMOTION OF HUMANITARIAN, SOCIAL AND CULTURAL COOPERATION

The Ministers expressed their conviction that the protection of human rights and the promotion of free personal and professional contacts, represent an essential element for lasting stability and a climate of confidence in the region.

The Ministers stated their readiness for the promotion of social and cultural cooperation, for widening the scope for humanitarian cooperation and personal human contacts on the basis of their international obligations and universally recognized human rights and principles such as: freedom of travel for personal or professional reasons, free access to and dissemination of information, freedom of contacts on the basis of family ties, facilitating the reunification of divided families and promotion of free individual contacts in the field of science, culture, sports and tourism. Examining ways towards the elimination of visas in all South-Eastern European countries would be a positive step in this direction, taking into account their international obligations.

The Ministers recalled their statement in the Tirana Joint Communiqué that persons belonging to national minorities have the right, within the existing constitutional order of their country, which guarantees equal rights and status for all, to freely express, preserve and develop their ethnic, cultural,

linguistic and religious identity, and to enjoy all human rights and fundamental freedoms in full equality with other citizens.

Desire was expressed for promoting and expanding the cultural, scientific and educational cooperation between the countries in south-eastern Europe and their institutions, competent in those spheres, not only in multilateral projects and initiatives within the region but also under the aegis of intergovernmental organizations in the spherer of culture, science and education.

Particular interest was expressed in the various forms of exchange in the areas of the arts and education.

The Ministers underlined the importance of youth exchange as well as the development of direct contacts between cultural, scientific and educational institutions and the setting up of networks for cooperation in specific fields.

The respect for the cultural heritage and the exchange of information on the illicit traffic of objects of cultural value were also taken into consideration.

The important role of the mass media for overcoming the negative stereotypes of the past, for free flow of information and for better mutual acquaintance with the cultural diversity of the region was underlined.

The Ministers agreed to encourage the involvement of non-governmental organizations and unions on the basis of professional, cultural and scientific interest into this process with the participation of representatives of all countries of the region.

ILLICIT DRUG AND ARMS TRAFFICKING AND COOPERATION IN THE FIELD OF JUSTICE, COMBAT OF ORGANIZED CRIME, ELIMINATION OF TERRORISM

The Ministers stressed the need for closer cooperation in the field of justice, combat of organized crime, illicit drug and arms trafficking and elimination of terrorism. They agreed to elaborate a regional programme which will complement national efforts in this respect.

This programme should envisage, inter alia, the accession of all countries of the region to the relevant international conventions and their effective implementation; exchange of information on the legislation of the countries and the changes taking place in them; creation of modalities between the competent institutions for a quick response to requests for legal assistance.

The Ministers expressed their condemnation of all acts, methods and practices of terrorism, regardless of their motivation, in all its forms and manifestations and pointed out the need to take all necessary and effective measures, in accordance with relevant provisions of international law and international standards of human rights.

The Ministers underlined the importance of strengthening border controls and called for joint action against illegal and irregular migration. They proposed a semestrial review of the cooperation in this field. They encouraged the conclusion between States of the region of agreements concerning the readmission of persons, illegally residing in each State's territory.

A common concern was expressed with regard to the proliferation of drug-related criminal activities adversely affecting the countries of the Balkan region. A regional conference on combating the illicit cultivation, production, processing, trafficking, trade and use of narcotic drugs and psychotropic substances was proposed as a starting-point for a more comprehensive cooperation among the participating countries and with the involvement of the relevant international bodies and programmes such as the United Nations International Drug Control, the relevant Poland and Hungary Assistance for Economic Restructuring (PHARE) programmes and the Council of Europe Pompidou Group.

* * *

The Ministers expressed their belief that the above agreements shall contribute to the overall objective of stability, security and cooperation in Europe. They are convinced that they are in consonance with the EU Platform for action and the Royaumont process and accordingly expect that they will be fully supported by the European Union.

The Ministers expressed satisfaction with the results achieved and constructive spirit of their meeting. They shared the view that this represents a new beginning of multilateral regional cooperation. With that in view the Ministers decided to hold a meeting of their representatives in Sofia to examine the proposals presented during their meeting as well as to coordinate future action. It was agreed to hold the next meeting of the Ministers for Foreign Affairs of the Countries of South-Eastern Europe in 1997 in Greece.

Sofia, 7 July 1996

ANNEX II

Address by the Prime Minister of the Republic of Bulgaria, H.E. Mr. Jean Videnov, to the participants in the meeting

May I express the gratitude of the Government of the Republic of Bulgaria for the support rendered by the States and international organizations and institutions that you represent to our initiative to launch a new all-out process of stability, security and cooperation in South-Eastern Europe.

The conference which Bulgaria hosts became possible owing to the joint constructive efforts of the countries of the region; these efforts received the wide support of the international community, among others. It is an expression of the political will to open up new prospects to strengthen regional stability, security and cooperation along the lines of good-neighbourliness. We hope the Sofia conference in compliance with the European criteria and standards will test a new approach, namely the pooling of the countries' efforts for the implementation of economically significant projects in the area of infrastructure. It will be an omission if I fail to underline our ambition to give a further impulse to the peace process on the territory of the former Yugoslavia. In short, the purpose of this conference as we see it is to outline the ways and actions to establish a new process of multilateral cooperation in the region of South-Eastern Europe with the involvement of all countries.

The Government of the Republic of Bulgaria believes, and I am sure the belief is shared by all of us, that the stability, security and cooperation among us should be in the foreground, and that naturally, we should take specific actions for our common interests and for what we have in common to materialize. This is the shortest way to find a deserving place in united Europe to which we aspire.

The Republic of Bulgaria has always been an adherent to a constructive and good-willed approach in the State-to-State relations. Bulgaria was and will be in favour of the promotion of good-neighbourliness and cooperation and finding a peaceful, just and lasting solution to all disputes. Guided by this principle-abiding position, throughout the Yugoslav conflict our country was consistently pursuing a line of refraining and non-interference, placing all parties involved in the conflict on a par, a parallel approach to the lifting of the economic sanctions regime along with progress made in the peaceful settlement. That policy of our country was one of the essential stabilizing factors in the region and received recognition of the international community. However, the cost was particularly high in the hard period of transition we are going through.

We count on the solidarity and support of the international community which is able and I believe, willing, to help not just in the economic reconstruction and development of the countries that were directly involved in the conflict but also to assist the countries that sustained an equally heavy burden which was not their fault. It will be difficult to achieve the general stabilization of the situation in the region and the establishment of good-neighbourliness and cooperation in State-to-State relations bilaterally and multilaterally that we

and all of Europe seek unless there is economic stability and viable and prospering market economy in all Balkan countries.

The full peace implementation of Bosnia and Herzegovina would create preconditions to stabilize the situation in the conflict-hit regions and even farther. It would open up prospects on the basis of the combined efforts of the international community and of the countries of the region to overcome the recurrences of chronic instability in the Balkans and make the Balkans a region of real possibilities and prospects of fruitful and mutually advantageous cooperation. From this viewpoint it is particularly important to give support to the ongoing process of the complete normalization between the States, emerging after the collapse of the former Yugoslavia.

The new situation in Europe freed of the spirit of confrontation and division creates even broader opportunities for the development of multilateral regional cooperation. This new situation gives rise to the hope that we are not far from the day when each country in the region will see its neighbour first and foremost as a partner. I think this conference corresponds completely to this aspiration and hope. Moreover, multilateral cooperation in the Balkans has history and traditions. In the course of decades the States of this region promoted State-to-State cooperation on a bilateral and multilateral basis. There were two meetings of the Balkan countries' Ministers for Foreign Affairs: in 1988 in Belgrade and in 1990 in Tirana. The joint communiqués that they adopted contain specific agreements on joint action in the political, economic, cultural and humanitarian areas. Steady dialogue was maintained on a wide range of problems of common interest. No doubt it had an exceptionally important role in the maintenance of political stability in the region at a good level.

The idea of seeking common interests and points of contacts in the implementation of large-scale projects - cross-border cooperation and communication infrastructure - is exceptionally topical today. Within a year alone Sofia was the venue of highly representative international meetings on trans-European infrastructure and telecommunications. The Balkan Energy Centre is already operating. The Ministers of Transport are to meet in November 1996.

The humanitarian, social and cultural component of interrelations is not the least. Regardless of the existence of serious problems we believe there exists significant communication potential which can play a stabilizing role in the region.

We are satisfied that Sofia was chosen to be the venue of the next meeting of the Defence Ministers on strengthening security and confidence in the Balkans.

By intention and nature the regional forms of cooperation in the Balkans are called to additionally strengthen and diversify integration processes in Europe. In this context the States of South-Eastern Europe have an interest not to set up an isolated club but be open and create and expand and, naturally, use the potential of cooperation in various areas with other regional and pan-European structures. Our position, which I believe is shared by other States in the region is that multilateral cooperation can and must develop as part of pan-European integration processes. The European target of regional

cooperation only emphasizes its open nature. This target presupposes cooperation with adjoining regions and with leading world and European political and economic factors alike.

The Bulgarian Government hopes that the outset of an all-out process of multilateral cooperation in south-eastern Europe will have a powerful positive impact to overcome the negative idea of the region as a zone of insecurity and conflicts, a zone substantially falling short of European criteria of democratic and stable development. I would like to reiterate that we will count on the active support of international institutions and countries outside this region.

We have reasons to count on such a support. The result of the last meeting of the Ministers for Foreign Affairs of the European Union and of the associated countries in Florence clearly and unambiguously determine the development of the regional forms of cooperation as a step towards the building of a united Europe. This is why this conference alike is an open initiative with special representative international participation which we welcome.

While I stress the need for the promotion of multilateral cooperation, I would not belittle the potential and prospects for the promotion of bilateral relations. These two forms are not in contradiction, they complement and enrich each other.

States in the region will only stand to gain if they approach the solution of the problems with pragmatism, good will and common sense, if they avoid differences and disputes and stake on the community of interests rather. It is true the problems left over from the past are not few, nor are they easy to solve. But it is also true that the Balkan nations have many values, history and culture in common. The Balkans are one of the cradles of European and world civilization; democracy was born here in antiquity. Other regions became within a short time an example of rapid development and a paragon of civilized State-to-State relations. Let us follow them. Together let us change the stereotypes which attach the attributes difficulty, risk and conflict to our region. Multilateral cooperation will help us in this respect and provide further possibilities for development prosperity, security, stability, confidence and respect.

We do believe that despite the difficulties the goals we set are realistic and feasible. The wishes for success, the solidarity of our friends in other parts of Europe, the United States of America and the Russian Federation and the opportunities afforded by the fact that the starting process is in consonance with the present lasting interests of the Balkan countries are the guarantees. Together we can and must use them.

Sofia, 6 July 1996

ANNEX III

Chairman's summary

On 6 and 7 July 1996, a Conference on Stability, Security and Cooperation in South-Eastern Europe was held in Sofia.

A thorough exchange of views was held, with the participation of Ministers and heads of delegations from countries of the region, the High Representative, representatives of interested countries and international institutions. It focused on security and cooperation in South-Eastern Europe, the interaction between different regionally oriented initiatives and the impact of regional cooperation on peace implementation in Bosnia and Herzegovina.

A common view was shared that the initiative to convene the Sofia meeting was a timely one and of particular significance since it originates from the region, with substantial potential for improving regional stability, increasing economic prosperity and enhancing overall integration with European institutions and organizations. It was stressed that efforts should focus on issues that bring countries together and do not set them apart, drawing on the historic lesson of Europe on achieving greater security and stability through cooperation and integration.

The participants pointed out that the meeting contributes to mutually complement and reinforce different regionally oriented initiatives, especially the common platform of EU and the South-East European Cooperative initiative of the United States Government. They noted that the processes initiated in Royaumont and Sofia are now at a stage when projects need to be identified, endorsed and supported. Readiness to develop cooperation on matters of common interest with the countries of the Black Sea Economic Cooperation and the Central European Initiative was expressed.

It was stated that healing the wounds in Bosnia and Herzegovina shall bring the region together. The importance of reconciliation and reconstruction was particularly stressed. The countries of the region have the potential to contribute to economic reconstruction through appropriate arrangements. The participants reiterated their support to the activities of the High Representative.

The regional dimension was recognized as a key element for a return of all States to stability and prosperity. Democratic security, mature democratic institutions and respect for human rights are major factors enhancing development and social cohesion. A number of delegations noted that the full reintegration of the Federal Republic of Yugoslavia in the international community is of vital importance for lasting stability and cooperation in the region. One delegation pointed out that further steps are still needed to achieve this reintegration.

All participants stressed their firm commitment to contribute to the success of the process initiated in Sofia providing multilateral forms of cooperation in the following areas: enhancing good-neighbourly relations

including confidence- and security-building measures; development of economic cooperation through cross-border cooperation, upgrading transport, telecommunications and energy infrastructures, trade and investment promotion: development of humanitarian, social and cultural contacts; cooperation in the field of justice, combat of organized crime, illicit drug and arms trafficking; and elimination of terrorism.

The Ministers agreed that the concrete ideas and proposals which were submitted to the meeting will be duly examined at a meeting of their representatives in Sofia.

All participants expressed their gratitude to the Government of Bulgaria for launching the initiative and organizing the meeting.

It was agreed to hold the next Meeting of Ministers for Foreign Affairs of Countries of South-Eastern Europe in 1997 in Greece.

Sofia, 7 July 1996

UNITED
NATIONS

S

Security Council

Distr.
GENERAL

S/1996/552
12 July 1996
ENGLISH
ORIGINAL: ARABIC

LETTER DATED 11 JULY 1996 FROM THE PERMANENT REPRESENTATIVE OF IRAQ TO THE UNITED NATIONS ADDRESSED TO THE SECRETARY-GENERAL

On instructions from my Government, I have the honour to inform you that at 1810 hours on 3 July 1996 two 9-metre Kuwaiti boats, one grey and the other white and each mounting a medium single-barrel machine-gun and carrying three persons, approached to within a distance of 400 metres of one of our boats near buoy No. 15 in the Khawr Abd Allah, inside our territorial waters. They were driven off by our boat and took flight in the direction of the Kuwaiti coast. At 1820 hours on the same day an unidentified blue helicopter overflew our boats for five minutes before returning in the direction of Kuwaiti airspace.

In conveying to you the protest of the Government of Iraq against these unwarranted Kuwaiti acts of provocation, I request you to intervene, as is required of you by the responsibilities entrusted to you under the Charter of the United Nations, in order to prevent any repetition of such acts by Kuwait and to see to it that Kuwait is held responsible for engaging in actions that escalate tension and adversely affect security and stability in the region.

I should be grateful if you would have this letter circulated as a document of the Security Council.

(Signed) Nizar HAMDOON
Ambassador
Permanent Representative

96-17422 (E) 150796 150796 160796

UNITED
NATIONS

S

Security Council

Distr.
GENERAL

S/1996/553
15 July 1996

ORIGINAL: ENGLISH

LETTER DATED 11 JULY 1996 FROM THE PERMANENT REPRESENTATIVE OF ANGOLA TO THE UNITED NATIONS ADDRESSED TO THE PRESIDENT OF THE SECURITY COUNCIL

I have the honour, on instructions of my Government, to bring to the attention of the Security Council over which you preside, some concerns with regard to the Angolan peace process; we are asking for your special attention especially today when the Security Council is called upon to discuss the situation prevailing in Angola at the present stage of implementation of the Lusaka Protocol. As you may be aware, in the past 48 hours, the União Nacional para a Independência Total de Angola (UNITA) has assumed some attitudes with regard to issues vital to the Lusaka Protocol and if these issues are not quickly resolved, they can endanger the Angolan peace process and result in very serious setbacks, with consequences that are very difficult to foresee at this moment.

Therefore, I wish to bring to the attention of the Security Council the following:

1. UNITA has refused to incorporate its selected military staff into the Angolan Armed Forces (FAA) and the units of the General Chief of Staff of the army.

2. UNITA has informed the Joint Commission and the United Nations Angola Verification Mission (UNAVEM III) that the majority of its military have been selected up to now for integration into FAA, but they have refused for unknown reasons.

3. UNITA has decided to suspend sending a delegation to Luanda to take part in the discussions on the partial revision of the Angolan constitutional law. In our view, those discussions will advance the work on the issues that were concluded in the past 20 days.

As you may realize, some of the more sensitive questions of the Lusaka Protocol may be a source of vague discussions as well as an obstacle in this crucial phase of the Angolan peace process.

The Government of Angola will seek to use maximum flexibility so that it can contribute to overcoming the difficulties referred to but since the true intentions of UNITA are unknown, we would like to express from the start our scepticism as far as finalizing these issues is concerned if we are to take into account the timetable established to finalize all the questions leading to the implementation of the Lusaka Protocol.

As you know, we intend to form the Government of National Reconciliation in the first half of August.

I am requesting you to circulate the present letter as a document of the Security Council, convinced that at its meeting today, 11 July 1996, the Council will assume a position that will exert pressure and oblige UNITA to fulfil without delay its obligations under the Lusaka Protocol.

(Signed) Afonso VAN-DUNEM "MBINDA"
Ambassador
Permanent Representative

UNITED
NATIONS

A S

General Assembly
Security Council

Distr.
GENERAL

A/50/999
S/1996/554
16 July 1996

ORIGINAL: ENGLISH

GENERAL ASSEMBLY
Fiftieth session
Agenda item 55
QUESTION OF CYPRUS

SECURITY COUNCIL
Fifty-first year

Letter dated 15 July 1996 from the Chargé d'affaires a.i. of the Permanent Mission of Cyprus to the United Nations addressed to the Secretary-General

Upon instructions from my Government, I have the honour to draw your attention to new violations of the airspace of the Republic of Cyprus and of the flight information region by military aircraft of the Turkish Air Force, which were recorded yesterday, 14 July 1996, as follows:

1. A formation of six Turkish Air Force aircraft entered at 1000 hours without permission the Nicosia flight information region, flying at an altitude of 27,800 to 29,000 feet. The six aircraft violated the national airspace of the Republic of Cyprus and exited the Nicosia flight information region at 1032 hours.

2. On the same day, another formation of five Turkish Air Force aircraft violated Cyprus airspace, entering at 1010 hours the flight information region of Nicosia at an altitude of 29,100 to 21,000 feet. The five aircraft exited the Nicosia flight information region at 1040 hours.

The repeated violations of the Nicosia flight information region and of the national airspace of the Republic of Cyprus by Turkish military aircraft are indicative of the provocative attitude of Turkey, which in 1974 invaded and occupied 37 per cent of the territory of the Republic of Cyprus.

At the same time, such unauthorized intrusions into the Nicosia flight information region are in violation of international air traffic rules and seriously endanger civil aviation flights over Cyprus.

On behalf of the Government of the Republic of Cyprus, I wish to strongly protest against these violations of the Nicosia flight information region and of the Republic's airspace by Turkish Air Force aircraft. The new violations of

/...

96-17676 (E) 160796 170796

the sovereignty and territorial integrity of the Republic of Cyprus are contrary to the Charter of the United Nations and to the relevant decisions of the Organization on the question of Cyprus. Furthermore, this provocative behaviour of Turkey is also in complete disregard of the latest Security Council resolution on Cyprus, resolution 1062 (1996) of 28 June 1996 which states among other things that overflights in the airspace of Cyprus by military aircraft have increased tension.

I should be grateful if you would have the present letter circulated as a document of the General Assembly, under agenda item 55, and of the Security Council.

(Signed) Kornelios S. KORNELIOU
Chargé d'affaires a.i.
of the Republic of Cyprus
to the United Nations